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OF THE
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REPORT

OF THE

INDIAN RETRENCHMENT COMMITTEE

1922-23

00109229

DELHI
SUPERINTENDENT GOVERNMENT PRINTING, INDIA
1923

REPORT

OF THE

INDIAN RETRENCHMENT COMMITTEE.

FORWARDED FOR THE INFORMATION OF THE GOVERNMENT OF INDIA.

CONSTITUTION OF THE COMMITTEE.

The Right Hon'ble LORD INCHCAPE, G.C.M.G., K.C.S.I., K.C.I.E. (*Chairman*).
Sir THOMAS SIVEWRIGHT CATTO, Bart., C.B.E.
Mr. DADIBA MERWANJEE DALAL, C.I.E.
Sir RAJENDRA NATH MOOKERJEE, K.C.I.E., K.C.V.O.
The Hon'ble Sir ALEXANDER ROBERTSON MURRAY, Kt., C.B.E.
The Hon'ble Mr. PURSHOTAMDAS THAKURDAS, C.I.E., M.B.E.
Mr. H. F. HOWARD, C.S.I., C.I.E. (*Secretary*).
Mr. J. MILNE (*Attached Officer*).

TERMS OF REFERENCE.

To make recommendations to the Government of India for effecting forthwith all possible reductions in the expenditure of the Central Government, having regard especially to the present financial position and outlook. In so far as questions of policy are involved in the expenditure under discussion, these will be left for the exclusive consideration of the Government, but it will be open to the Committee to review the expenditure and to indicate the economies which might be effected if particular policies were either adopted, abandoned, or modified.

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EXPLANATORY NOTE.

Owing to the changes made under the Reforms Scheme in the distribution of revenue and expenditure between the Central Government and the Provinces, the figures for the expenditure of the Central Government contained in the accounts for 1913-14, which we have adopted for the purpose of comparison with later years, were not in all cases comparable with those contained in the estimates for 1922-23. We have, therefore, recast them, as far as possible, into the form in which they would have stood had the present distribution between Central and Provincial expenditure obtained in that year. In order to make the comparison with the year 1913-14 effective we have similarly, as we explain in dealing with the exchange head, recast the revised estimate for 1921-22 and the budget estimate for 1922-23 on an exchange basis of Rs. 15 to £1. Sterling expenditure in England has been converted into rupees on this basis throughout the report except where otherwise stated. A summary statement showing the figures adopted as the basis of our examination is attached as Appendix A. We have taken as the basis of the reductions recommended the budget grant for 1922-23 shown in this Appendix, supplemented, in certain cases, by the provision subsequently allotted.

APPENDIX A.

[Sterling converted at £1 to Rs. 15.] **[In thousands of Rs.]**

HEADS OF EXPENDITURE.	Actuals, 1913-14.		Revised Estimate, 1921-22.		Budget Estimate, 1922-23.	
	England.	Total England and India.	England.	Total England and India.	England.	Total England and India.
	R	R	R	R	R	R
Direct Demands on the Revenues—						
1. Customs	6	41,34	1,65	70,43	1,64	68,70
2. Taxes on income	...	4,69	40	21,52	99	47,01
3. Salt	12	92,52	1,22	1,59,62	1,07	1,73,65
4. Opium	12	1,52,41	98	1,87,74	97	1,86,53
5. Land Revenue	25	11,94	31	15,14	30	15,64
6. Excise	2	1,37	6	2,54	1	2,84
7. Stamps—						
A.—Non-Judicial	15,98	1,68	53,85	22,29	29,10	18,46
B.—Judicial			...	2,70	...	3,10
8. Forests	73	11,42	9,84	46,63	12,54	52,45
9. Registration	...	27	...	47	...	48
Total	17,28	3,17,64	68,31	5,29,08	46,62	5,68,86
Railway Revenue Account—						
10. State Railways—						
Interest on Debt	5,55,93	10,95,47	6,31,08	15,33,47	6,64,02	16,77,95
Interest on Capital contributed by Companies	2,58,39	2,92,86	3,25,20	3,28,76	3,32,05	3,36,10
Annuities in purchase of Railways	5,06,94	5,06,94	5,03,56	5,03,56	5,03,63	5,03,63
Sinking Funds	28,76	28,76	43,11	43,11	45,81	45,81
11. Subsidised Companies	...	7,89	...	7,41	...	19,83
12. Miscellaneous Railway Expenditure	...	—6,88	26,76	29,19	25,27	29,77
Total	13,50,02	19,25,04	15,29,71	24,45,50	15,70,78	26,13,09
Irrigation, etc., Revenue Account—						
14. Works for which Capital Accounts are kept—						
Interest on Debt	...	6,51	...	9,39	...	9,51
15. Other Revenue Expenditure	...	83	...	1,37	...	1,18
Total	...	7,34	...	10,76	...	10,69
Irrigation, etc., Capital Account (charged to Revenue)—						
16. Construction of Irrigation, etc., Works—						
Financed from Ordinary Revenues	18	3,13	2,78	3,38	...	35
Posts and Telegraphs Revenue Account—						
17. Posts and Telegraphs—						
Interest on Debt (Indian Postal and Telegraph Department)	...	...	...	60,00	...	66,00
Miscellaneous Expenditure. Indian Postal and Telegraph Department	21,36	30,46	1,50,00	80,32	1,09,35	41,06
Miscellaneous Expenditure. Indo-European Telegraph Department.	4,60	4,60	—21,60	—21,60	—14,17	—14,17
Total	25,96	35,06	1,28,40	1,18,72	95,18	92,89
Posts and Telegraphs Capital (charged to Revenue)—						
18. Capital outlay on Posts and Telegraphs—						
Indo-European Telegraph Department	3,75	3,47	3,07	3,93	5,03	—26
Debt Services—						
19. Interest on Ordinary Debt	8,86,92	14,00,16	10,85,93	29,81,43	12,44,71	32,39,21
Deduct—Amount chargeable to Railways	*5,55,93*	*10,95,47*	*6,31,08*	*15,33,47*	*6,64,02*	*16,77,95*
„ Amount chargeable to Irrigation	...	*6,51*	..,	*9,39*	...	*9,51*
„ Amount chargeable to Posts and Telegraphs	...	...	...	*60,00*	...	*66,00*
„ Amount chargeable to Provincial Governments	...	*2,22,17*	...	*2,65,32*	...	*2,99,73*
Remainder chargeable to Ordinary Debt	3,30,99	76,01	4,54,85	11,13,25	5,80,69	11,86,02
20. Interest on other Obligations	...	1,18,38	...	2,61,71	...	3,23,68
21. Sinking Funds	...	...	75,00	2,29,00	75,00	2,29,00
Total	3,30,99	1,94,39	5,29,85	16,03,96	6,55,69	17,38,65
Carried over	17,28,18	24,86,07	22,62,07	47,15,83	23,73,30	50,24,27

[Sterling converted at £1 to Rs. 15.] [In thousands of Rs.]

HEADS OF EXPENDITURE.	Accounts, 1913-14.		Revised Estimate, 1921-22.		Budget Estimate, 1922-23.	
	England.	Total England and India.	England.	Tota England and India.	England.	Total England and India.
	R	R	R	R	R	R
Brought forward	17,28,18	24,86,07	22,62,07	47,15,33	23,73,30	50,24,27
Civil Administration—						
22. General Administration—						
A.—Heads of Provinces (including Governor General) and Executive Councils	...	18,05	...	20,10	...	20,49
B.—Legislative Bodies	...	1,71	...	7,00	...	8,50
C.—Secretariat and headquarters establishment	...	41,25	...	78,80	...	80,31
D.—Commissioners	...	...	...	...	...	...
E.—District administration	...	4,94	...	15,41	...	16,14
F.—Home administration, etc.	39,27	39,27	68,91	68,91	70,37	70,34
23. Audit	1,11	39,59	4,59	72,59	4,20	83,16
24. Administration of Justice	3	8,67	72	9,29	80	10,29
25. Jails and Convict Settlements	2	19,78	33	45,28	36	44,35
26. Police	24	33,04	1,63	87,24	1,93	81,90
27. Ports and Pilotage	3	16,72	2,72	24,89	3,71	26,32
28. Ecclesiastical	2	19,15	4,29	31,11	4,23	33,83
29. Political	2,26	1,72,80	16,98	2,14,95	12,45	2,93,14
30. Scientific Departments	4,78	44,79	17,63	1,16,83	12,38	1,12,31
31. Education	1,56	17,89	1,36	31,09	1,38	32,96
32. Medical	80	12,72	3,47	27,51	5,58	32,84
33. Public Health	45	10,46	81	16,14	96	16,32
34. Agriculture	19	9,23	1,87	21,52	2,01	23,36
35. Industries	...	...	1,24	4,37	46	1,59
36. Aviation	...	...	3	1,84	...	48
37. Miscellaneous Departments	24	5,72	2,78	43,61	3,10	26,71
TOTAL	51,00	5,15,98	1,28,46	9,38,48	1,23,92	10,15,37
Currency, Mint and Exchange—						
38. Currency	18,20	35,64	63,02	92,28	49,55	80,82
39. Mint	1,59	19,90	99	18,87	1,26	22,34
40. Exchange	...	...	...	4,90	...	20,60
TOTAL	19,79	55,54	64,01	1,16,05	50,81	1,23,76
Civil Works—						
41. Civil Works — In charge of Civil officers	...	5,30	...	4,06	...	6,24
41. Civil Works — In charge of Public Works officers	15,18	1,53,52	6,34	1,50,82	1,15	1,55,63
TOTAL	15,18	1,58,82	6,34	1,54,88	1,15	1,61,87
Miscellaneous—						
43. Famine Relief and Insurance—						
A.- Famine Relief	...	4	...	4,50	...	27
44. Territorial and Political Pensions	1,68	33,11	1,74	30,69	1,74	31,42
45. Superannuation Allowances and Pensions	3,08,19	3,25,05	3,19,74	3,49,65	3,21,05	3,54,27
46. Stationery and Printing	15,80	32,12	34,64	97,68	27,61	75,56
47. Miscellaneous	74,50	1,12,57(a)	35,28	97,95	23,37	68,98
TOTAL	4,00,17	5,02,89	3,91,40	5,80,47	3,73,77	5,30,50
Military Services—						
48. Army—						
Effective	3,95,84	24,81,44	12,61,02	62,71,66	11,72,54	58,19,85
Non-effective	3,77,38	4,86,95	5,03,93	8,17,59	5,62,90	9,28,96
	7,73,22	29,68,39	17,64,95	70,89,25	17,35,44	67,48,81
49. Marine	38,56	76,92	58,94	1,50,58	69,78	1,57,22
50. Military Works	6,26	1,42,10	19,57	5,29,37	7,27	4,70,27
Special Defences (1902)	1,38	2,45	...	...	...	...
TOTAL	8,19,42	31,89,86	18,43,46	77,69,20	18,12,49	73,76,30
Contributions and Assignments to the Central Government by Provincial Governments—						
52. Miscellaneous adjustments between the Central and Provincial Governments	...	59,74	...	76,38	...	63,29
TOTAL EXPENDITURE CHARGED TO REVENUE	30,33,74	69,68,90	46,95,74	1,43,50,79	47,35,44	1,42,95,36

(a) Includes "Civil Furlough and Absentee Allowance" which are being distributed among the respective subject heads of account from 1919-20.

[In hundreds of £ and thousands of Rs.]

HEADS OF REVENUE.	Actuals, 1913-14.		Revised Estimate, 1921-22.		Budget Estimate, 1922-23.	
	England.	Total India and England.	England.	Total India and England.	England.	Total India and England.
Principal Heads of Revenue—	£	Rs.	£	Rs.	£	Rs.
I.—Customs	...	11,13,78	...	34,60,14	...	45,41,84
II—Taxes on Income	...	2,90,52	...	21,11,99	...	22,11,39
III.—Salt	...	5,15,09	...	6,41,62	...	6,86,03
IV.—Opium	...	2,43,35	...	3,03,24	...	3,09,30
V.—Land Revenue	...	41,94	...	36,66	...	43,93
VI.—Excise	...	25,49	...	55,81	...	56,22
VII.—Stamps	...	14,93	...	24,27	...	24,29
VIII.—Forests	...	11,11	...	13,73	...	21,68
IX.—Registration	...	96	...	1,72	...	1,68
X.—Tributes from Indian States	...	88,00	...	88,27	...	88,05
Total	...	23,45,17	...	67,37,45	...	79,84,41
Railways—						
XI.—State Railways Gross Receipts	2	56,30,68	48,6	81,82,29	48,4	99,57,26
XII.—Subsidized Companies	76,8	13,97	142,4	24,41	113,0	19,42
Deduct—						
Working Expenses	...	*29,35,02*	...	*65,82,53*	...	*67,99,00*
Surplus profits paid to Companies	...	*66,13*	...	*1,04,09*	...	*60,00*
Total	77,0	26,43,50	191,0	15,20,08	161,4	31,17,68
Irrigation—XIII and XIV	...	5,91	—3,3	6,99	—3,0	7,07
Posts and Telegraphs—XV—						
Indian Postal and Telegraph Department—						
Gross receipts	...	5,14,89	...	8,89,26	...	10,91,19
Deduct—Working Expenses	*65,9*	*4,40,85*	*19,9*	*8,45,03*	*45,5*	*9,10,10*
Net receipts	—65,9	74,04	—19,9	44,23	—45,5	1,81,09
Indo-European Telegraph Department—						
Gross receipts	4,8	24,89	1,2	23,84	32,5	25,98
Deduct—Working Expenses	*3,9*	*11,58*	*4,4*	*37,22*	*3,5*	*36,52*
Net receipts	9	13,31	—3,2	—13,38	29,0	—10,54
Interest receipts—XVI	241,2	1,14,36	242,4	1,16,78	30,3	85,82
Civil Administration—XVII to XXVI	1,7	33,86	2	72,15	2	86,50
Currency, Mint and Exchange—						
XXVII.—Currency	78,2	52,44	...	4,06,33	...	3,03,13
XXVIII.—Mint	...	50,97	2	14,24	2	19,19
XXIX.—Exchange	...	17,96	...	...	...	...
Total	78,2	1,21,37	2	4,20,57	2	3,22,32
Civil Works	...	6,89	...	11,46	...	10,92
Miscellaneous—XXXIII to XXXV	102,6	30,79	682,8	7,19,45	120,2	72,12
Military Receipts—						
XXXVI.—Army	351,2	1,80,53	2,213,1	7,72,54	938,0	5,65,51
XXXVII.—Marine	...	13,43	...	46,67	...	20,28
XXXVIII.—Military Works	...	11,49	...	15,30	...	15,30
Total	351,2	2,05,45	2,213,1	8,34,51	938,0	6,01,04
Contributions and assignments to the Central Government by Provincial Governments	...	9,83,00	...	10,01,30	...	9,20,65
TOTAL REVENUE	786,9	65,77,65	3,303,3	1,14,71,59	1,230,8	1,33,79,08

PART I.

MILITARY SERVICES.

Introductory Remarks.

The estimate of net expenditure for 1922-23 compares with the revised estimate for 1921-22 and the actual net expenditure of 1913-14 as follows :—

	Rs.
1913-14, Actual Expenditure . . .	29,84,41,000
1921-22, Revised Estimate . . .	69,34,69,000
1922-23, Budget Estimate . . .	67,75,26,000

2. The large increase in the expenditure on the military services is the direct outcome of the war and may be attributed to five main causes :—

(*i*) The general rise in prices.

(*ii*) The enhanced rates of pay granted to all ranks.

(*iii*) Improvements in the standard of comfort of the troops.

(*iv*) Additions to and improvements in equipment, etc., and the adoption of a higher standard of training.

(*v*) The increase in non-effective charges from Rs. 5 crores before the war to Rs. 9 crores at the present time.

3. We appreciate the great difficulties with which the military authorities in India have had to contend during the transition period from war to peace conditions, when large armies had to be demobilized concurrently with reorganisation undertaken in the light of the lessons of the war. Hostilities with Afghanistan and operations on the Frontier intervened while demobilization was in progress, and the growing cost of the army coupled with a deterioration of the general financial position of the country have more than once necessitated the complete revision of schemes proposed for the future composition, organisation and distribution of the Army in India.

4. The expenditure which has been incurred in the past may have been inevitable, but the question is whether India can afford to maintain military expenditure on the present scale as an insurance against future eventualities. In our opinion the repeated huge deficits of the last few years, in spite of the imposition of heavy new taxation, have made it abundantly clear that India cannot afford this expenditure.

So long as peace conditions obtain, the first essential is for India to balance her budget, and this can only be secured by a very substantial reduction in the military estimates. In this connection it must be remembered that the budget estimate for 1922-23 did not represent the full annual expenditure which would have been incurred on the military services but for certain fortuitous circumstances; the strength of the army was under establishment, purchases of supplies were below normal, as there were large accumulations of stocks of provisions, clothing and other stores, and the estimate also assumed large non-recurring receipts from sales of surplus war stores and other sources. Further we understand that inadequate provision was made for the maintenance of the Royal Air Force, and that considerable additional expenditure will be necessary in future years. If allowance were made for these factors, the expenditure required for 1922-23 would have been as follows :—

	Rs.
Budget Estimate for 1922-23	67,75,26,000
Shortage in establishment	64,00,000
Reduction in stocks	1,62,99,000
Sale of surplus stores and receipts from arrear payments, etc.	88,57,000
Addition required for Air Force say	47,00,000
Total .	71,37,82,000

5. Considerable public attention has naturally been displayed on the subject of the future policy with regard to Waziristan and we have reviewed this question in its bearing on the finances of India. We are informed that there is no idea in the mind of the Government of India of continuing a forward policy of military domination up to the Durand line at the present time, and that the idea has been abandoned. It is impossible to estimate what expenditure will be required in Waziristan in 1923-24 until the military and political situation is cleared up, but we understand that the Government have in view a policy which aims at early and substantial reduction.

6. We now deal with the expenditure of each of the four services, which is as follows:—

—	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
Army	27,87,45,000	61,82,42,000	60,42,30,000
Royal Air Force	41,000	1,34,29,000	1,41,00,000
Royal Indian Marine	63,49,000	1,03,91,000	1,36,99,000
Military Works	1,33,06,000	5,14,07,000	4,54,97,000
Total	29,84,41,000	69,34,69,000	67,75,26,000

ARMY EXPENDITURE.

The estimate of net expenditure in 1922-23 compares with the revised estimate for 1921-22 and the actual expenditure in 1913-14 as follows:—

	Rs.
1913-14, Actual Expenditure	27,87,45,000
1921-22, Revised Estimate	61,82,42,000
1922-23, Budget Estimate	60,42,30,000

An analysis of the expenditure under the main headings is attached as Appendix A. It will be observed that there has been a total increase in the net cost of the Army since 1913-14 of Rs. 32,54,85,000 or 117 per cent. and that this increase is distributed over all the important headings.

Strength of the Army.

2. The total authorised establishment of the Fighting and Administrative Services, exclusive of Aden, Persia and the Colonies and omitting reservists and auxiliary and territorial forces, was 309,893 on 1st April 1922 compared with 301,502 on 1st April 1914 made up as follows:—

—	Fighting Services.				Administrative Services.		Total.		Increase or decrease.
	Army.		Air Force.						
	1914.	1922.	1914.	1922.	1914.	1922.	1914.	1922.	
British Troops	76,244	68,686	...	1,859	3,846	7,206	80,090	77,751	−2,339
Indian Troops	154,437	144,617	...	2	2,213	25,938	156,650	170,557	+13,907
Civilians	...	...	...	84	5,477	10,007	5,477	10,091	+4,614
Followers	19,763	20,498	...	1,198	*39,522	29,798	59,285	51,494	−7,791
Total	250,444	233,801	...	3,143	51,058	72,949	301,502	309,893	+8,391
Increase or decrease	−16,643		+3,143		+21,891		+8,391		+8,391

* Includes about 14,000 Mule drivers of Animal Transport units and 6,000 men of Army Bearer and Hospital Corps who were followers before the war but who have since been granted "combatant" status for rations, etc.

This table shows that although a considerable reduction has been effected in the strength of the fighting services, this has been more than set off by the increase of staff employed in the administrative services, and the total establishment has increased by 8,391. A detailed analysis of the personnel is given in Appendix B.

Apart from financial considerations the strength and distribution of the army necessary for the defence of India and the maintenance of internal security are matters which we feel must be left largely in the hands of His Excellency the Commander-in-Chief.

Fighting Services.

3. Since 1913-14 the fighting efficiency of the army has been increased enormously by the introduction of modern rifles, machine guns, etc., and, while we are informed that, so far as external menace is concerned, there has probably been a relatively greater improvement in the equipment of neighbouring tribes and the Afghan forces, it must be borne in mind that a large portion of the army is maintained for internal security.

4. *British Infantry.*—Of the total 70,545 British troops in India, including 1859 Air Force, 16,200 are infantry, the strength of which has been reduced by 6,056 officers and men since 1913-14 or by 11·2 per cent There are now 45 Battalions of British Infantry compared with 51 in 1913-14 but although the fighting efficiency of each of these units has greatly increased, no reduction has taken place in the composition of the battalions. On the contrary the peace strength of these units has been considerably increased as shown below :—

	1913-14.	1922-23.
British Officers	28	28
British Other Ranks	1,004	1,012
Indian Ranks	...	45
Followers, Class I	37	25
„ „ II		48
Total	1,069	1,158

It will be observed that the number of British Other Ranks on the peace establishment has increased from 1,004 in 1913-14 to 1,012 in 1922-23 and that the strength of the unit has also been increased by the addition of 45 Indian ranks to act as mule drivers for machine guns and 36 followers for miscellaneous duties, *e.g.*, cooks, tailors, etc. On mobilisation the peace establishment of battalions is reduced and only 840 British Other Ranks per battalion are retained on the war establishment. We do not think there is any necessity for maintaining a peace establishment on a much higher scale than the war establishment. In England and elsewhere the policy is to maintain peace cadres, about 25 per cent. below the war establishments, which are capable of rapid expansion in war and a similar practice obtains in certain sections of the army in India. We recognise that in India reinforcements of British troops cannot be obtained in less than about two months, but from statements which have been supplied to us, it appears that, as at present contemplated, only 5 battalions of British troops would be engaged on active operations during the first two months after mobilisation. During this period, the estimated wastage of these troops on a $7\frac{1}{2}$ per cent. basis would be 630 men and we cannot think that any serious difficulty would arise if in war this number had to be found from the troops required for internal security, although we realise that this will entail a temporary pooling of resources as was found necessary in the Great War. In our opinion the number of troops per battalion required on mobilisation to maintain internal order in India should be capable of a considerable reduction in view of the increased fighting efficiency of the units. We recommend that the peace establishments of British battalions should be fixed at 884 British Other Ranks, the number required for the war establishment *plus* a margin of 5 per cent. to provide for men who may be absent through sickness, etc. This proposal would effect a reduction of 5,760 British Infantry. We are informed that the estimated cost of a British soldier in India is Rs. 2,500 per annum for 1922-23 and a reduction of 5,760 men would therefore save Rs. 1,44,00,000 per annum.

5. *Indian Infantry.*—The peace establishment of Indian Other Ranks in an Indian battalion is 826 except in the case of training battalions with which

we deal later. The war establishment of the battalions is 766 and we consider there is little justification for maintaining the peace strength of these units in excess of the war establishment, as any deficiency on account of sickness can be made up by drawing on the training battalions and reserve. We recommend, therefore, that the number of Indian troops per battalion should be reduced to 766 forthwith which would effect a reduction of 4,800 troops in the 80 active battalions now maintained.

Under the existing organisation there is one training battalion for every four active battalions. The establishment of a training battalion is fixed at 650 based upon the normal intake of recruits for the four active battalions and the estimated wastage during the first two months of a campaign. The reductions which we have proposed in the size of the active battalions will reduce the intake of recruits and effect an automatic reduction of 17 men per training battalion. We have also examined the wastage figures in recent campaigns and consider that the provision made for wastage in calculating the required strength of training battalions is excessive. Further, no allowance appears to have been made for the fact that during the first two months after mobilisation a considerable number of recruits will have completed their training. In these circumstances we are of the opinion that no difficulty would be experienced if the strength of the training battalions was reduced by 50 per battalion saving 1,000 men.

A similar position obtains in regard to Pioneer battalions. There are 9 active and 3 training battalions with a total strength of 7,341 and 1,296 men respectively. We consider that the peace establishment of the active battalions should be reduced to 722 the number required for the War Establishment, saving 843 men. No reduction in the strength of training battalions appears practicable.

The position in regard to Gurkhas is somewhat different from the ordinary Indian battalions. The peace establishment fixed at 941 includes recruits and provision for wastage and no training battalions are provided. We are informed that the number of Gurkhas which can be obtained is strictly limited to the existing strength and we make no recommendation.

The total immediate reduction in Indian troops which we recommend above is 6,643 men. We are informed that the average cost of a Sepoy in 1922-23 was Rs. 631, so that a reduction of 6,643 men would effect a saving of Rs. 42 lakhs.

At the present time the authorised strength of the reserve is 34,000 Infantry but the actual strength is only 8,900 owing, we understand, to considerable difficulty having been experienced in obtaining the required numbers. We have suggested to the Commander-in-Chief that an increase in the reserve pay would probably attract more men, and that, in addition, consideration should be given to the inclusion of a term of service with the reserve in every man's attestation on enrolment. This proposal has been considered by the military authorities and it is suggested that the terms of enlistment should be altered to include five years' service with the colours and ten years with the reserve if required, the pay of reservists to be increased to Rs. 7 per mensem for the first five years in the reserve and Rs. 4 for the last five years, the total colour *plus* reserve service of 15 years to count for pension at Rs. 3 per month.

We think that a scheme of this nature would prove attractive to the men but that the provision of a pension should be accompanied by a liability to be called up for service in the event of a national emergency. If this proposal is adopted we consider that the peace establishment of battalions should be gradually placed on a cadre basis which might ultimately be fixed at, say, 20 per cent. below the war establishment. This would effect a further saving of about 14,000 men or Rs. 88,34,000 less the increased cost of the reserve which would not exceed Rs. 25 lakhs.

The proposal to increase the period of enlistment with the colours would also ultimately reduce the number of recruits required annually. This in turn would reduce the establishment of the training battalions and the strength of the recruiting staff and result in considerable further economy.

6. *Cavalry.*—The number of British Regiments has been reduced from 9 in 1913-14 to 8 required for 1922-23 and the Indian regiments have been reduced

from 39 to 21. We see no reason why the British Cavalry regiments should not be reduced *pro rata* to the Indian regiments and consider that 3 British Cavalry Regiments should be dispensed with for 1923-24, saving Rs. 74,00,000.

7. *Artillery.*—The number of British Officers and men in the Artillery has decreased from 15,205 in 1913-14 to 11,446 in 1922-23, but the number of Indian Officers and Other Ranks has increased from 10,132 to 13,902 so that the total establishment of the Artillery has slightly increased from 25,337 to 25,348. We are of the opinion that in view of the modern weapons now available and their increased effectiveness owing to the introduction of aeroplanes, improved signalling arrangements, etc., some economy in Artillery establishment should be possible and we suggest a reduction of 10 per cent. in expenditure which would effect a saving of Rs. 43,00,000.

8. *Other fighting services.*—The remaining establishment of the Fighting services comprises the Signal Service and Armoured Cars, in regard to which we make no recommendation, and the Royal Air Force, with which we deal in a separate section of our Report.

9. *Summary.*—The adoption of our proposals will involve a recurring saving of Rs. 303 lakhs a year which will ultimately rise to Rs. 366 lakhs. The budget for 1922-23, however, took into account a saving of Rs. 64 lakhs due to a temporary shortage of British troops compared with the establishment now authorised. Our recommendations will thus yield a net additional saving of Rs. 239 lakhs a year immediately on their introduction and it should be possible to increase this saving in the near future to Rs. 302 lakhs a year. We recognise, however, that it will not be possible to secure the whole of the former saving in 1923-24.

Army Headquarters, Staff of Commands, etc.

	Rs.
1913-14, Actual Expenditure	92,49,918
1921-22, Revised Estimate	1,84,57,000
1922-23, Budget Estimate	1,83,08,200

10. A considerable portion of the large increase in expenditure under this heading since 1913-14 is due to the introduction of the four Command system in 1921. We are informed that the basic factors which determined the adoption of four Commands were:—

(*a*) the limitations placed on the size of the area which can be efficiently controlled by one man;

(*b*) the desirability of making military districts coincident with civil provinces;

(*c*) the importance of providing adequate machinery to deal with the additional military liability imposed by internal security once the field army has left the area;

(*d*) the necessity of placing with Army Commanders the administrative control of, and the responsibility for, the troops under their command.

It was anticipated that under the new organisation considerable relief would be afforded to army headquarters by an extensive decentralisation of control, but in this connection the military authorities submitted that it would be futile to hope, even with the utmost decentralisation, that the staff at headquarters could be reduced to the pre-war level.

11. *Establishment of Officers of higher ranks.*—The sanctioned establishment of Officers of higher ranks not holding regimental appointments (*i.e.*, above the rank of Lieutenant-Colonel) is as follows:—

	Sanctioned Establishment.
Field Marshal	1
Generals	3
Lieutenant-Generals	6
Major-Generals	24
Colonels	110

We are informed that the Military authorities propose to reduce the establishment by two Lieutenant-Generals and seven Major Generals which will effect a future saving in non-effective charges.

12. *Army Headquarters*—

	Rs.
1913-14, Actual Expenditure . . .	28,56,148
1921-22, Revised Estimate	68,13,000
1922-23, Budget Estimate	61,89,000

The total expenditure for 1922-23 is more than double that of 1913-14 although the number of troops in the fighting services has decreased by 15,517 and provision has been made for decentralising the control of minor matters to the Commands. The establishment of Army Headquarters has increased as follows :—

	1913-14. No.	1922-23. No.
Officers	83	153
Civilians	335	729
Menials	197	310

These numbers for 1913-14 represent the authorised establishment and exclude attached officers whose pay was charged against the unit to which they belonged. Including these officers and seconded officers in 1922-23 the following statement shows the growth of the establishment of officers and clerks in each section of Army Headquarters :—

Branch.	1913-14.		1922-23.	
	Officers.	Clerks.	Officers.	Clerks.
General Staff .	48	59	49	91
Adjutant General .	20	94	56	180
Quartermaster General .	22	128	59	362
Ordnance	5	32	5	36
Military Secretary . .	2	22	8	56
His Excellency the Commander-in-Chief and Personal Staff.	7	...	7	4
TOTAL .	104	335	164	729

The establishments for 1922-23 were recently examined by a Committee appointed by the Government of India and presided over by the Hon'ble Mr. Innes. The Committee recommended that the authorised establishment of Army Headquarters, excluding attached officers, should be reduced from 153 to 108 saving in officers' pay Rs. 8,13,000. The Commander-in-Chief has agreed that the number of officers should be reduced to 134 saving Rs. 3,09,600, but we consider that further reductions are possible. For example we consider that the post of Chemical Adviser in the General Staff Branch should be abolished. Further, we think that the possibility of amalgamating the Directorates of military training and military operations should be explored. The Directorate of organisation and mobilisation and the Directorate of Auxiliary Forces might, we think, possibly be absorbed by the Directorate of staff duties and the Controller of contracts by the Directorate of supplies and transport.

We are informed that the position of Deputy Quartermaster General has been abolished at the War Office in England and we see no reason for its retention in India.

It is obviously not practicable in the limited time at our disposal to make any very definite detailed recommendations but we consider that the provision for officers at Army Headquarters should be reduced to the full extent recommended by the Innes Committee and that at least Rs. 4 lakhs of this saving should be effected in 1923-24 and that a further reduction should be kept in view.

With regard to clerks the Innes Committee recommended a lump cut of Rs. 9 lakhs based upon a *pro rata* reduction in the number of clerks to that recommended in the case of officers. The Commander-in-Chief has agreed to a reduction of approximately Rs. 1,30,800, but we consider that a saving of at least Rs. 2,00,000 should be effected for 1923-24.

We have discussed the question of the Headquarters staff very fully with the Commander-in-Chief who has shown every desire to reduce it as far as practicable. As a result of our discussion we recommend that the total provision for Army Headquarters for 1923-24 should be limited to Rs. 55,89,000, a reduction of Rs. 6,00,000.

13. *Staff of Commands, Districts, Brigades, etc.*—

	Commands.	Districts Brigades.
	Rs.	Rs.
1913-14, Actual Expenditure .	4,86,498	55,85,000
1921-22, Revised Estimates .	30,45,000	87,32,000
1922-23, Budget Estimates .	30,14,380	93,03,960

Before the war the army in India (exclusive of Burma and Aden) was organised under two Commands subdivided into 9 Divisions which were again subdivided into 32 Brigades and 5 Cavalry Brigades. In addition there were 3 Independent Brigades who dealt directly with Army Headquarters.

Under the post-war organisation India is divided for administrative purposes into 4 Areas or Commands. These are subdivided into 13 districts which are further subdivided into 29 Brigade areas, and in addition there are 5 Cavalry Brigades. The troops in Waziristan are temporarily under the direct control of Army Headquarters.

The underlying principle of the present organisation appears to be that the Army should be in a continual state of preparedness for instant operations in the event of war or unrest. We are informed that the total annual cost of the 4-Command scheme when introduced was Rs. 31,00,000. In our opinion it is a question whether this large expenditure can be justified and we understand that if the scheme is finally adopted considerable additional expenditure will be necessary to provide office accommodation, etc. We consider that the organisation should be the minimum necessary to enable rapid transition to be made from peace to war conditions in the event of emergency. We are informed that if the number of Commands were reduced to three a direct saving of Rs. 3,59,000 would be effected. At the same time we feel that the present system of four Commands has been so recently inaugurated that it might be given a further trial for 12 months after which the whole question should be reviewed, but in the meantime no expenditure should be incurred on new offices.

14. With regard to districts we understand that steps will be taken to reduce the number and that a saving of Rs. 4 lakhs will be effected in 1923-24.

15. We understand the increased cost of Districts and Brigades in 1922-23 compared with 1921-22 is due to the transfer of Rs. 6,62,000 for mechanical transport charges from another heading and the provision of Rs. 3,64,000 for syce and forage allowances for officers' chargers. We consider that the number of motor cars in use in Districts and Brigades is excessive and we deal with this question at a later stage.

16. *Summary.*—We recommend that the provision for Commands, Districts and Brigades in 1923-24 should be reduced by Rs. 4,00,000, in addition to which there will be savings under transport and forage charges.

17. *Embarkation and Railway Transport Staff*—

	Embarkation Staff.	Railway Transport Staff.
	Rs.	Rs.
1913-14, Actual Expenditure .	*Nil*	13,300
1921-22, Revised Estimate .	53,000	4,60,000
1922-23, Budget Estimate . .	1,58,300	4,86,000

Before the war the work connected with the embarkation and disembarkation of troops at Bombay, Karachi and Calcutta was carried on by the ordinary staff of the District Brigade. There was also no separate organisation for dealing with the transportation of troops by rail the necessary work being performed by the ordinary staff of the Divisions. We recommend that all work in connection with the movement of troops should be decentralised to Commands and Districts and that the total provision for Embarkation and Railway Transport Staff be limited to Rs. 3,00,000, a saving of Rs. 3,44,300.

Transport Charges.

18. The estimated cost of transport for 1922-23 compared with 1913-14 is as follows:—

—	1913-14.	1921-22. Revised Expenditure.	1922-23. Budget.
	Rs.	Rs.	Rs.
Animal transport	1,27,84,000	2,15,33,000	1,81,17,000
Hire of transport	3,22,000		42,65,000
Mechanical transport	*Nil*	1,41,38,000	1,86,43,000
Rail, Road, Sea and inland water charges	61,83,000	3,63,55,000	2,39,75,000
Total	1,92,89,000	7,20,26,000	6,50,00,000

This table shows that the total cost of transport has increased more than three-fold compared with 1913-14 although the number of fighting troops has been reduced. We are of the opinion that this large increase is due to a considerable extent to the organization being maintained in a state of preparedness for war and it appears that the introduction of improved methods of transport has resulted in the maintenance of a dual organization with a combined capacity far in excess of that available in 1913-14. We consider the maintenance of a large transport reserve cannot be justified in present financial circumstances, and that it should be possible to reduce the total cost of animal and mechanical transport to approximately double the pre-war expenditure.

19. *Animal and Mechanical Transport.*—The following statement shows the personnel employed in connection with the animal and mechanical transport in 1913-14 and 1922-23 respectively:—

—	1913-14.		1922-23.	
	Animal transport.	Mechanical transport.	Animal transport.	Mechanical transport.
	No.	No.	No.	No.
Officers with King's Commissions	62	*Nil*	64	149
British other ranks	196	...	78	950
Indian Officers	66	...	193	29
Indian other ranks	1,155	...	11,488	2,782
Civilians	98	...	130	622
Followers including artificers	23,000	...	7,649	3,099
Total	24,577	*Nil*	19,602	7,631

This table shows the total personnel employed on transport duties has increased from 24,577 in 1913-14 to 27,233 in 1922-23 due mainly to the introduction of mechanical transport.

With regard to animal transport considerable savings will accrue from the fall in prices of fodder, etc., which has taken place since last year. We refer to these savings in our observations in regard to stocks.

The increase in the cost of hire of transport from Rs. 3,22,000 in 1913-14 to Rs. 42,65,000 required for 1922-23 is due to the inclusion of Rs. 30,00,000 for hired transport on the Harnai-Fort Sandeman Road in Baluchistan. We are informed that a light railway could be constructed from Hindubagh to Fort Sandeman, a distance of about 70 miles at a cost of about Rs. 35 lakhs. We think that tenders should be obtained for the construction of this line and

if the cost involved approximates to the figure named, we recommend that the work should be taken in hand forthwith. The remaining increase in the cost of hired transport, Rs. 9,43,000, is said to be due to higher contract rates and partly to the larger movements of stores for Indian units not previously supplied.

20. We have examined the position in regard to mechanical transport and attach a statement (Appendix C) showing the estimated military requirements and the present stock of vehicles, classified at our request, under (*a*) vehicles fit for war conditions, (*b*) vehicles fit for war conditions subject to repairs and (*c*) obsolete vehicles. It will be seen that the total stock of vehicles excluding motor cycles is now 3,369 of which 1,792 vehicles are obsolete. We recommend that all these obsolete vehicles should be sold or scrapped forthwith except vehicles of standard types which we consider should be completely dismantled and the parts thereof placed in stock as spare parts for repair work.

We consider there is no justification for providing the stock of vehicles which the military authorities estimate is required, and we recommend that, while the present financial conditions obtain, the authorised establishment of motor vehicles including reserves should not exceed 1,600 vehicles, excluding motor cycles. The holding of large excess stocks must necessarily result in increased costs for maintenance, garage accommodation, interest on capital, depreciation and personnel, and in addition there is a tendency to use the vehicles, if available, for non-essential purposes. In this connection we examined the records maintained by one motor transport company and found they were far from satisfactory; the number of vehicles in use was considerably in excess of the requirements, and in many cases the daily loaded mileage run by individual lorries was only 2 to 4 miles with light loads of about 5 maunds.

21. We are informed that the number of motor cars in use has recently been reviewed and reduced to 261 distributed as follows:—

	No. of cars.	
Command Headquarters (4)		12
District Headquarters (14)		58
Brigade Headquarters (38)		38
Schools and Institutions—		
Staff College	2	
Cavalry School	1	
O. C., Deolali	1	
	—	
Reserve cars—		
Northern Command	8	
Eastern Command	4	
Western Command	6	
Southern Command	5	
Burma District	1	
	—	24
Embarkation Staff		3
Railway Transport Officer		1
Signals and Sappers and Miners Units		5
8 Armoured Car Companies and Sections		25
M. T. Formations.		
5 Column Headquarters		5
10 Motor Ambulance Convoys		20
10 Heavy M. T. Companies		20
1 Ford Van Company		2
Khyber Ropeway Company		2
4 Mobile Repair Units		4
M. T. Training School		1
M. T. at Aden		5
Central M. T. Stores Depôt		1
Technical Inspectors		3
Bushire M. T. Section		1
Additional for Waziristan.		
2 Ford Van Companies		4
Cars for staff:—		
Waziristan		16
Zhob		5
Kohat		2
TOTAL		261

In England the normal peace establishment of motor cars was fixed at 90 for 1922-23 and we understand that the number has since been reduced. We consider the establishment of motor cars in India should be limited to not more than 150 and that the mileage run should be restricted to an average of 9,000 miles per car per annum.

22. We are informed that the Military authorities estimate the running cost of a Ford car at Rs. 4,250 per annum for a mileage of 9,600, including petrol, lubricants, tyres and repairs, but exclusive of the cost of personnel, interest on capital or depreciation. This we consider excessive. The average number of miles run per gallon of petrol is only 14, which appears to us unduly low and we recommend that the possibility of increasing the mileage run per gallon of petrol for all vehicles should be explored. With regard to lorries we understand that the Commander-in-Chief has accepted the recommendation made by the Braithwaite Committee that the mileage run per transport lorry and ambulance maintained in use should be limited to 1,000 miles per annum. We understand that the principle of limiting the mileage to be run annually by each vehicle is considered preferable to reducing the number of vehicles to the minimum necessary to meet peace requirements. This arrangement is admittedly not economical but it is represented to us that it is not practicable to largely reduce the present nucleus staff and that it is better to keep the vehicles in use than to retain them in storage where they would rapidly deteriorate. In these circumstances we recommend that the 1,000 mile limitation should be applied to all lorries and miscellaneous vehicles and recommend that a system of rationing petrol and other supplies should be introduced to ensure that the mileage limitation is enforced.

We recommend that the number of ambulances in use should be limited to 200, that the total establishment of motor cycles should be fixed at not more than 350 and that all obsolete cycles should be sold or scrapped forthwith.

23. As regards personnel, we support fully the recommendations of the Braithwaite Committee with the exception of that relating to the increase of establishment of the Mechanical Transport Training School. The adoption of these recommendations will save about Rs. 20 lakhs a year, to which must be added a saving of Rs. 1 lakh from the proposed reduction in the number of motor cars in use. The extension of the proposed mileage limitation to all motor vehicles will effect a further saving of Rs. 48 lakhs a year by reducing the consumption of petrol and lubricants, tyres and spare parts, and the expenditure on repairs. On the other hand about Rs. 14 lakhs a year will be required for the purchase of vehicles to replace those which have run their normal life and have become unserviceable. This provision, in 1923-24, will be used mainly for the purchase of armoured cars.

As a result of our consideration we are of opinion that the total annual expenditure on Animal and Mechanical Transport should be reduced by at least Rs. 55 lakhs. There will be a further saving of Rs. 15 lakhs in 1923-24 to which we refer under the Stock Account.

24. *Sea Transport Charges, Rs. 1,19,35,000.*—A sum of £925,700 budgeted for in 1922-23 has proved an overestimate and we are informed that the provision contemplated for 1923-24 is £693,000, inclusive of £75,000 for the Royal Air Force, which has now been transferred to that section of the accounts. There will thus be a saving of £307,000, or Rs. 46,05,000, apart from the saving due to reduction in establishment. Against this payment India receives a contribution from the War Office of £130,000 towards the total cost of the trooping service.

25. *Railway, road and inland water charges.*—Of the total provision of Rs. 1,20,40,000 under this heading, Rs. 1,15,50,000 represents railway charges for movement of troops, the balance representing road and inland water charges. Before the current financial year all the railway charges of the army were recorded under one head of account and no attempt was made to allocate them to different services of the army. In connection with the system of cost accounting now introduced, arrangements have been made to allocate the railway charges of the army to the various services and a partial distribution of the charges was made in the budget estimates for 1922-23, the total

provision under all heads amounting to Rs. 1,99,75,000. As a result of various causes this estimate has been exceeded, and it is anticipated that the aggregate expenditure in 1922-23 will amount to about Rs. 250 lakhs. We are informed that every endeavour is made to avoid unnecessary movements of troops and that the total railway charges for 1923-24 are expected to fall to Rs. 230 lakhs, in spite of an increase in charges by the railways representing Rs. 20 lakhs of the last mentioned amount. We recommend, however, that a larger reduction should be effected and that the provision of Rs. 1,99,75,000 for railway charges under all heads should be reduced in 1923-24 to Rs. 1,85,00,000, a saving of Rs. 14,75,000. A further considerable reduction should be possible in subsequent years.

Educational and Instructional Establishments.

	Rs.
1913-14, Actual Expenditure . . .	52,96,840
1921-22, Budget Estimate	1,06,74,000
1922-23, Budget Estimate	1,09,97,170

26. The main item included under the heading is a provision of Rs. 62,61,000 for practice ammunition for 1922-23, the corresponding figure for 1913-14 being Rs. 38,83,000.

The expenditure is sub-divided under main heads as set out below :—

	1913-14.	1922-23.
	Rs.	Rs.
Supervising and Inspecting Staff	21,230	1,01,390
Staff College, Quetta	5,15,069	7,84,190
Small Arms Schools	1,34,945	6,58,670
Physical Training Schools	29,217	1,89,750
Cavalry School	1,74,602	5,36,450
Senior Officers' School	...	2,87,170
Machine Gun School	...	1,38,180
Artillery Schools	...	2,38,000
Armoured Car Centre	...	2,76,030
Mechanical Transport Training School . .	...	4,28,000
Army Veterinary Schools	7,741	42,000
Supply and Transport Training School . .	...	84,000
School of Cookery	10,231	36,000
Education of Military pupils at Medical Colleges and Schools	90,879	3,00,000
Miscellaneous including provision for practice ammunition	43,12,926	68,97,340
Total .	52,96,840	1,09,97,170

This table shows that the cost of training establishments has increased enormously since 1913-14. Excluding miscellaneous expenditure which is mainly for practice ammunition, we find that the cost of Educational and Instructional establishments has increased more than four-fold from Rs. 9,83,914 in 1913-14 to Rs. 40,97,830 required for 1922-23. We are informed that before the war the training of the Army in India was inferior to that of the Army at Home, and now that the army has been reduced it is of first importance that its training should reach as high a standard as that of the Home Army. We believe this object could be obtained without such a large increase as Rs. 31 lakhs, which the country cannot afford. We deal with the various establishments seriatim.

Small Arms Schools, Rs. 6,58,670.—These schools are maintained for the training of officers and non-commissioned officers as instructors in the use of rifles, light guns, light mortars and grenades. The standard number of instructors to be maintained in units has been fixed and it has been laid down that instructors must be in possession of certificates under two years' old. We are of opinion that in present financial circumstances the rules in regard to

holding certificates should be relaxed and the period between courses of training extended to three years. We recommend that the provision for small arms schools should be limited to Rs. 5,58,670, a reduction of Rs. 1,00,000.

Physical Training Schools, Rs. 1,89,750.—The cost of these schools has increased from Rs. 29,217 in 1913-14 to Rs. 1,89,750. We understand that a reduction of Rs. 65,000 is proposed for 1923-24.

Cavalry School, Rs. 5,36,450.—Although the strength of cavalry has been largely reduced since 1913-14, the expenditure on the cavalry school has increased from Rs. 1,74,602 in 1913-14 to Rs. 5,36,450. The present scheme provides for training annually the full number of instructors required by the units which we consider is not justified in present financial circumstances.

The Commander-in-Chief informs us that the training of the Cavalry is now more intensive than it was before the war and that it is essential, now that the Cavalry is being reduced, to maintain the highest possible standard and he would strongly deprecate any great reduction of instructors. In these circumstances we recommend that the provision for 1923-24 should be limited to Rs. 3,30,000, a reduction of Rs. 2,06,450.

Senior Officers' School, Rs. 2,87,170.—This school is for training field officers of all arms before substantive promotion to the rank of Lieutenant-Colonel. A reduction of Rs. 13,000 is proposed for 1923-24, and we make no recommendation.

Machine Gun School, Rs. 1,38,000.—We are informed that this school is essential for training officers and non-commissioned officers in the use of machine guns and we make no recommendation.

Artillery Schools.—The provision for 1922-23 included Rs. 1,50,000 for equipment which will not be required in 1923-24 and we suggest no further reduction.

Armoured Car Centre, Rs. 2,76,030.—The introduction of Armoured Car Companies necessitated provision being made for the tactical and mechanical training of personnel for this new service and we recommend no reduction for 1923-24.

Mechanical Transport Training School, Rs. 4,28,000.—We understand that the Mechanical Transport Training School in England has been abolished. This is not considered practicable in India, where motor transport is less highly developed, but in view of the reductions we are proposing in mechanical transport we recommend that the provision for 1923-24 be limited to Rs. 3,28,000, saving Rs. 1,00,000.

Education of Military pupils at Medical Colleges and Schools.—We recommend that the provision under this heading should be limited to Rs. 2,00,000 for 1923-24, a reduction of Rs. 1,00,000.

Miscellaneous, Rs. 68,97,340.—The scale on which practice ammunition is provided is considerably lower than in England and we are informed that no further reduction is practicable. The savings resulting from the reductions we have proposed in the strength of the fighting services have already been taken into account, and we make no recommendation.

We understand that in the budget of 1922-23 no provision was made for practice ammunition for troops serving in Waziristan as they were employed on military operations and it was not necessary for them to fire their practice ammunition; and that the withdrawal of troops from Waziristan will necessitate an increase of Rs. 23 lakhs in the grant for practice ammunition in 1923-24. This increase is a corollary of the large reduction in Waziristan expenditure mentioned in a separate section of this Report and cannot, we are afraid, be avoided. The saving in practice ammunition resulting from the reductions in the strengths of fighting troops, recommended by us, has been taken into account in assessing the financial effect of such reductions.

General.—As a result of our consideration, we are of the opinion that the provision for Educational and Instructional establishments should be reduced by Rs. 7,42,450 including a saving of Rs. 8,000 under the Staff College, Quetta, but the grant for practice ammunition will apparently have to be increased by Rs. 23,00,000.

Army Education.

	Rs.
1913-14, Actual Expenditure . . .	11,70,583
1921-22, Budget Estimate	42,37,000
1922-23, Budget Estimate	37,25,000

27. We are informed that the large increase in expenditure since 1913-14 is due to (*a*) the policy of His Majesty's Government that education shall henceforward form an integral part of the military training of the British soldier and (*b*) the decision of the Government of India that the system adopted for the British Army should be applied, *mutatis mutandis*, to the Indian Army.

The British soldier is in most cases literate on enlistment and, while additional education has much to commend it, we consider it essential to limit the extent to which educational facilities should be provided at the expense of Government. We are of the opinion that the extent of these educational facilities should be reviewed and limited to the most useful subjects. We recommend that a definite amount should be allocated for expenditure on education which should be fixed for a period of say 5 years to ensure continuity of policy.

The total staff of the education service has increased from 309 in 1913-14 to 1,546 required for 1922-23, and an analysis of the staff employed and the expenditure incurred in each of these years is as follows:—

	1913-14.		1922-23.	
	No.	Total cost.	No.	Total cost.
		Rs.		Rs.
Supervising and inspecting staff .	7	1,04,000	63	3,41,300
British Army School of Education .	...	*Nil*	83	1,84,200
Indian Army School of Education .	...	*Nil*	65	1,26,000
Garrison Regimental and detachment schools for British troops . .	243	3,22,000	524	16,12,000
Garrison Regimental and detachment schools for Indian troops . .	6	*Nil*	579	4,44,000
Lawrence Military Schools . .	50	1,69,000	184	3,99,900
Prince of Wales' Royal Military College, Dehra Dun . . .	...	*Nil*	47	1,11,300
King George's Military Schools .	...	*Nil*	..	20,000
Language rewards . . .	...	2,95,000	...	3,00,000
Miscellaneous	3	1,93,000	1	2,53,300
Total .	309	12,11,000	1,546	37,92,000
Less receipts .	...	40,000	...	67,000
Total .	...	11,71,000	...	37,25,000

The large increase in the inspecting and supervising staff is due to the provision of both British and Indian Inspectors at Army Headquarters, at the headquarters of each of the four Commands and at the headquarters of each of the 15 districts, including Burma and Aden. We consider there is no justification for the employment of such a large staff of Inspectors costing Rs. 3,41,300.

We are informed that the staff of the garrison, regimental, and detachment schools for British troops has within the past 12 months been reduced by 86 officers saving Rs. 4,00,000 and that the King George's Military Schools, for which Rs. 20,000 was provided in the current year's Budget are not yet in existence. Further economies should be possible under the headings of incidental and miscellaneous expenses of British and Indian Garrison Schools, etc., for which Rs. 2,80,470 was provided in 1922-23.

As a result of our consideration we are of opinion that in existing financial circumstances the provision for army education should be reduced to Rs. 33,00,000 for 1923-24 and be fixed at this figure for the next five years, exclusive, however, of any additional expenditure on the Dehra Dun and King George's Military schools for the purpose of giving a good public school education to Indian boys to enable them to pass into Sandhurst. A proportionate reduction should be made in this figure, if our proposals regarding reductions in the strength of fighting troops are accepted.

Medical Services and Hospitals.

	Rs.
1913-14, Actual Expenditure . . .	79,99,000
1921-22, Revised Estimate	2,27,66,000
1922-23, Budget Estimate	3,22,95,000

28. Excluding Aden the staff in 1922-23 compares with that employed in 1913-14 as follows:—

	1913-14.	1922-23.
Officers, R. A. M. C.	333	332
Officers, I. M. S.	261	495
Nursing Sisters	91	267
R. A. M. C. other ranks	...	450
Assistant Surgeons	411	416
Sub-Assistant Surgeons	664	739
Army Hospital Corps	2,934	...
Army Bearer Corps	3,578	...
Regimental Hospital Establishments (not included in medical Budget)	2,316	...
Indian Hospital Corps	...	12,065
Officers Army Dental Corps . . .	7	18
	10,635	14,782

The average daily number of patients of the British and Indian Army respectively in hospitals in 1922 compared with the number of beds was as follows:—

	Beds.	Patients.
British Army . . .	8,270	1,927
Indian Army . . .	12,703	4,506

From this it appears that the British hospitals are not used to a quarter of their capacity and the Indian hospitals are used to little more than a third of their capacity.

It has been pointed out to us that a margin of 55 per cent. must be allowed to provide for seasonal sickness, epidemics, etc. Even so we consider that an all round reduction of 25 per cent. in the number of beds maintained could safely be made. For example, in the United Provinces district no less than 1,118 beds are maintained in British hospitals for a daily average of 355 men in hospital, and in the Central Provinces district 772 beds are maintained in Indian Station hospitals for an average daily number of 155 sick in hospital. We recommend that an enquiry be made with a view to closing down hospitals where their retention is not justified and to substantially reducing the number of beds in the hospitals retained. This should make it possible to effect a considerable reduction in the staff employed irrespective of the savings which will result if our recommendations for the reduction of the establishments of the fighting units be adopted. In particular we have been impressed by the increase in the number of Indian Medical Service officers employed on military duty in spite of the concentration of medical arrangements which might have been expected to result from the introduction of the Station hospital system for Indian troops. The cost of the present establishment is Rs. 145 lakhs, and we recommend that a reduction of at least Rs. 5 lakhs should be effected, in addition to the savings which should automatically result from reductions in Army personnel.

Other large items included in the 1922-23 budget are :—

	Rs.
Provisions and diet for patients	87,00,000
Clothing for patients	25,00,000
Drugs and dressing instruments	15,00,000
Provisions for staff	15,94,000
Clothing for staff	6,99,000

We are informed that the number of patients and cost of diet were over-estimated, with the result that for 1922-23, a saving of Rs. 46 lakhs is anticipated under provisions and diet, of which Rs. 15 lakhs merely represents a transfer to the food charges of the fighting services. There will also be a saving of Rs. 16 lakhs for clothing for patients. We allow elsewhere for the saving in expenditure which may be anticipated from the fall in prices.

We are informed that there is a fixed scale of medical and other equipment for military hospitals, and that the officers in charge submit indents for drugs once a year through their local administrative medical officers who scrutinize the indents and after such adjustments as are necessary pass them on to the Medical Stores Department for compliance. In view of the lower percentage of sickness we consider that a saving of at least Rs. 1 lakh should be effected in the cost of drugs. The reductions in the number of beds which we have recommended should make it possible to effect further savings in respect of the supply and maintenance of equipment.

We recommend that a reduction of Rs. 53 lakhs should be made in the total estimates under this head in 1923-24, apart from the transfer of Rs. 15 lakhs to the fighting services, and the savings which we have taken into account elsewhere as the result of the reduction in the number of troops, fall in prices, reduction of stocks or other causes.

Working expenses of Depôts, etc.

	Net expenditure. Rs.
1913-14, Actual Expenditure	41,33,645
1921-22, Budget Estimate	1,85,66,000
1922-23, Budget Estimate	1,21,13,560

29. The above figures represent the net expenditure after allowance has been made for expenditure transferred to other heads of account or recovered by means of credits and so-called receipts which we understand represent mainly savings by the purchase of surplus stores at rates less than the vocabulary rates. An analysis of the gross expenditure is given in Appendix D from which it will be seen that the total working expenses have increased from Rs. 1,03,99,075 in 1913-14 to Rs. 2,84,02,560 or by 173 per cent.

We deal seriatim with the various heads under which the account is set out.

30. *Arsenals and Ordnance Depôts*—

	Gross expenditure. Rs.
1913-14, Actual Expenditure	26,08,924
1922-23, Budget Estimate	72,17,840

There has been no change in the pre-war numbers of arsenals and ordnance depôts, but we understand that there has been a large increase in work owing to the transfer of barrack, hospital, and miscellaneous equipment from the Supply and Transport Corps, the abolition of the silladar system for Indian Cavalry and the introduction of new equipment.

We are informed that the estimate for the current year will be largely exceeded and that no reduction can be anticipated in 1923-24 on the current year's budget figure. On the contrary it is stated that an additional Rs. 2 lakhs will be required for reconditioning stores and provision will have to be made for increased transportation charges owing to increased rates.

In the section of this Report relating to the Stock Account we are recommending that no surplus stores should be retained and that the total value of stores held, including reserves, should be reduced to not more than Rs. 8 crores, new purchases being curtailed. If this is done it should be possible ultimately to effect large reductions in the cost of arsenals and ordnance depôts. The disposal of these stores will undoubtedly throw more work on the Depôts in 1923-24, but on the other hand the curtailment of new purchases and the proposed reduction in troops will considerably reduce the quantity of stores to be handled. In view of all the circumstances we consider that the provision for 1923-24 should be limited to the same amount as that provided for the current year and that the possibility of effecting economy by temporarily utilising military labour drawn from existing units for clearing up arrears of work should be explored.

We are informed that receipts under Arsenals and Ordnance Depôts in 1922-23 include a special credit of Rs. 10 lakhs on account of the difference between prices paid to the Disposals Commissioner for certain stores purchased from him and the vocabulary prices of these stores, and that that a similar saving will probably be realised in 1923-24 as the result of the general fall in prices.

31. *Clothing and Boot Depôts, Rs. 4,74,084.*—During the war Government undertook the liability for supplying clothing and boots to Indian troops and followers. There are now four depôts but two of them are said to be only temporary and we consider that steps should be taken to close them at an early date. We have ascertained that units at present maintain their own mobilization reserves of winter clothing and also working stocks up to a limit of three months' requirements. We are of opinion that it is not economical for units to maintain mobilization reserves of winter clothing and we recommend their withdrawal to central depôts if suitable accommodation is available. This we understand is being done. We consider that some saving in the cost of depôts for 1923-24 should result from the reduction in stocks maintained. During the current year the stocks to be maintained have been reduced by over Rs. 59 lakhs and further reductions are anticipated for 1923-24. Some economy should also be possible by reducing the proportion of British to Indian personnel and we recommend the provision for 1923-24 be limited to Rs. 4,50,000. We are informed that the receipts for 1922-23 estimated at Rs. 4,00,000 mainly represent savings by purchases of stores below the vocabulary rates and that there will probably be a reduced saving under this heading for 1923-24 which will more than set off any decrease in expenditure.

32. *Supply Depôts*—The District Supply Companies are closely interrelated with the Supply Depôts and it will be convenient to consider the two organisations together: -

	Supply Depôts Gross Expenditure.	District Supply Companies.
	Rs.	Rs.
1913-14, Actual Expenditure .	3,13,057	*Nil.*
1921-22, Budget Estimate . .	44,62,000	40,66,000
1922-23, Budget Estimate . .	98,12,000	32,77,000

Before the war there were no District Supply Companies. The arrangements for the purchase and supply of rations, fodder and other miscellaneous supplies for which the Supply and Transport Corps were responsible were controlled largely by the divisional Commanders. There were small depôts in charge of an officer of the Supply and Transport Corps at the principal cantonments at which British units were located while at the outstations there were small depôts in charge of a subordinate.

The whole system was reorganised in 1917-18 and has since been developed by the military authorities. At the present time the arrangements for the purchase and supply of non-perishable stocks are centralised at Army Headquarters. Supplies are purchased in bulk for the whole of India by a Controller of Contracts under the orders of the Quartermaster General. The Director of Supplies and Transport, also under the control of the Quartermaster General, is responsible for the general control and supervision of the supply services. The arrangements for the distribution to depôts and

sub-depôts and subsequent redistribution to the troops or to other depôts are carried out by a Deputy Director of Stocks under the control of the Director of Supplies and Transport. The organisation for distribution consists of (*a*) 13 supply depôt companies whose functions are to maintain the stocks at depôts and sub-depôts from which the issues to units are made and (*b*) 13 District Supply Companies each consisting of a headquarters section and a number of Brigade sections for distributing supplies from the Depôts to the troops.

The total staff employed in the District and Depôt Supply Companies compared with the pre-war establishment is as follows:—

	1913-14.	1922-23.		
	Supplies.	District Supply Companies.	Supply Depôt Companies. *	Total.
Officers with King's Commissions	76	86	108	194
British other ranks	284	225	183	408
Indian Officers	...	73	...	73
Civilians	567	243	589	832
Followers	2,931	1,280	2,316	3,596
TOTAL	3,858	1,907	3,196	5,103

* Includes Deputy Director of Stocks and his establishment.

The present system was recently examined by the Braithwaite Committee who recommended a reversion to the pre-war system of station supply in the area Cis-Indus but including Karachi and a continuance of the present system in the Trans-Indus area. This proposal we understand would effect a reduction of 46 British Officers, 49 British Other Ranks and 925 Subordinate personnel saving in pay alone Rs. 13,00,000.

We understand that the Commander-in-Chief is prepared to accept the proposals made by the Braithwaite Committee, but we are of opinion that the possibility of effecting economy in the Trans-Indus area has not been fully explored.

Approximately one-third of the Army in India is located west of the Indus and the following statement shews that the staff of the Trans-Indus Supply Companies is relatively much greater than the staff in the Cis-Indus area:—

	Cis-Indus.	Trans-Indus.	Total.
Officers with King's Commissions	85	57	142
British Other Ranks	220	139	359
Indian Officers	73	...	73
Civilians	285	385	670
Followers	1,648	1,156	2,804
TOTAL	2,311	1,737	4,048

This table indicates that a large reduction is personnel should be possible in the Trans-Indus area, and further it will be observed that of the total proposed establishment of 4,048, the number of officers employed is 142, whereas in 1913-14 there were only 76 officers in the total establishment of 3,858. The proportion of British Other Ranks has similarly increased, the number employed having risen from 284 in 1913-14 to 359 required for 1923-24.

33. The large increase in the expenditure under supply depôts for 1922-23 compared with 1921-22 is due to (*a*) the inclusion of Rs. 23,00,000 to meet the additional expenditure incurred in the turnover of mobilization reserves of foodstuffs which have to be issued in substitution for the less expensive

standard rations and (*b*) insufficient allowance having been made for transportation charges in 1921-22.

The necessity for providing for the full cost of turnover was overlooked in 1921-22 and we are of opinion that if it costs Rs. 23,00,000 annually, in addition to handling and overhead charges, to maintain a reserve stock of Rs. 41,00,000 the necessity for holding such reserve should be carefully examined and the quantities reduced to a minimum.

We are informed that the present reserves were fixed to cover the requirements of the Covering Force for 60 days after mobilization and of the whole Field Army for a period of 30 days. It is admitted, however, that only a portion of these troops could be placed in the field during the first three months and we recommend that the mobilization reserves should be substantially reduced so as to effect a saving of Rs. 15,00,000 in the turnover and a further saving in the cost of handling, etc.

In view of all the circumstances we are of opinion that a saving of Rs. 41 lakhs should be effected in the cost of the supply services for 1923-24, and that the whole position should again be reconsidered in 12 months' time with a view to a further reduction being effected.

Directorate of Stocks, Rs. 1,67,000.—The saving taken into account in the preceding paragraph includes the abolition of this Directorate.

34. *Medical Stores Depôts*—

	Rs.
1913-14, Actual Expenditure	3,28,000
1921-22, Budget Estimate	4,51,000
1922-23, Budget Estimate	5,94,000

The five Medical Stores Depôts situated at Bombay, Madras, Lahore, Calcutta and Rangoon are responsible for the supply of all medical stores and equipment to the Army. Their cost is borne on the Army estimates but they are administered by the Director-General, Indian Medical Service, as they also supply medical stores on payment to Civil Departments and to Local Governments. The rates charged by them to civil institutions are fixed at a figure intended to leave a small margin of profit and we are informed that this part of their operations does not throw any extra expenditure on the army.

The large reduction in stocks which we propose elsewhere (paragraph 64) should result in a substantial reduction in establishments, and we recommend that the total cost of the depôts should be limited to Rs. 5 lakhs, saving Rs. 94,000.

35. *Veterinary Hospitals*—

	Rs.
1913-14, Actual Expenditure	4,26,000
1921-22, Budget Estimate	22,76,000
1922-23, Budget Estimate	26,99,000

There has been a large increase in establishment since 1913-14 due in part to the increase in the number of animals in charge of the Army Veterinary service. The organisation of the department was examined in detail by the Braithwaite Committee and we endorse their recommendations which will result in an annual saving of Rs. 3,92,000. Some further saving should result owing to the reduction of three British Cavalry Regiments.

In addition to the pay of establishments, the budget for 1922-23 includes provision for the following items:—

	Rs.
Forage	11,41,000
Drugs, medicines, etc.	50,000
Provisions	2,40,000
Clothing	29,500

In paragraphs 59 *et seq.* we refer to the savings which should accrue under these heads: excluding these savings, we recommend that a reduction of Rs. 3,92,000 be effected in 1923-24.

36. *Remount depôts and breeding operations—*

	Rs.
1913-14, Actual Expenditure . . .	27,23,000
1921-22, Budget Estimate . . .	53,58,000
1922-23, Budget Estimate	66,12,000

In the estimates for 1923-24 the net expenditure is shown at Rs. 17,78,000 only, credit being taken for Rs. 48,34,000 representing expenditure on the depôts on maintaining animals issued. This amount is debited to the stock account where a further provision of Rs. 44,29,000 is included for the purchase of animals, the total cost of supplying animals to the Army thus amounting to Rs. 1,10,41,000. The Braithwaite Committee have in their Report made suggestions calculated to result in an annual saving of Rs. 16 lakhs in the first year and Rs. 13,21,000 in subsequent years, and we recommend that their proposals be adopted. A reduction in the reserve and in the number of annual replacements will result from the reduction of three British Cavalry Regiments recommended by us. We suggest that the possibility should be considered of further reducing the war reserve by the adoption of a system of registration in India of horses suitable for military purposes. We understand that additional economies will result from a modification of the percentage basis for the replacement of both camels and bullocks. Taking all these factors into consideration, we recommend that a reduction of Rs. 20 lakhs be made in the gross figure of Rs. 110 lakhs mentioned above.

In making this recommendation we have not taken into account expenditure on the following items:—

	Rs.
Forage	26,14,000
Issues in kind	4,81,000
Fuel and light	3,09,000

We deal elsewhere with these heads for the Army budget as a whole (see paragraphs 61 and 62).

37. *Central Mechanical Transport Store, Rs. 4,73,000.*—This Depôt deals with the provision, stocking, and issue of spare parts used for the repair of vehicles. In view of the large reductions which we have recommended in the use of mechanical transport we consider that the expenditure under this heading should be reduced to about Rs. 2,50,000 for 1923-24 and this saving is included in the reduction of Rs. 55 lakhs which we have previously recommended (see paragraph 23).

38. *Mechanical Transport Reserve Vehicles Park, Rs. 2,70,000, and Shipping Section, Rs. 14,000.*—We understand that the Commander-in-Chief has accepted the recommendations of the Braithwaite Committee that the Reserve Park and Shipping Section should be abolished and we have taken this into consideration in our recommendations under Mechanical Transport.

WORKING EXPENSES OF MANUFACTURING ESTABLISHMENTS.

	Rs.
1913-14, Actual Expenditure . . .	2,44,631
1921-22, Budget Estimate	29,68,000
1922-23, Budget Estimate	25,83,250

39. The above figures represent net expenditure, the gross expenditure on these establishments having increased from Rs. 1,61,53,707 in 1913-14 to Rs. 4,14,75,250 in 1922-23, the details of which are shown in Appendix E. We recommend that accounts on a commercial basis be instituted for each of these establishments with a debit for interest on capital and for depreciation. We deal below with the more important establishments.

40. *Grass farms—*

	Rs.
1913-14, Actual Expenditure . . .	44,77,000
1921-22, Budget Estimate	78,90,000
1922-23, Budget Estimate	1,06,30,000

These organisations both produce and purchase forage, and from figures supplied to us appear to be producing fodder more cheaply than it can be purchased. Provided that this condition continues, we do not recommend any change in present arrangements. The bulk of the expenditure under this heading is transferred to the stock account and the saving which will accrue in 1923-24 is referred to in paragraph 61.

41. *Dairy farms*—

	Rs.
1913-14, Actual Expenditure . . .	24,15,000
1921-22, Budget Estimate	68,39,000
1922-23, Budget Estimate	67,25,000

The operations of these farms expanded very considerably during the war and they are at present overburdened with buildings and plant in excess of the demands for their products. We are informed that their operations in 1921-22 showed a loss of some Rs. 6 lakhs, but that in the present year it is anticipated that they will make both ends meet without paying interest on their capital (Rs. 58,54,000), and that in 1923-24 revenue and expenditure will balance. Prices for the products of the farms have been recently raised but we recommend that the system of preferential rates at present in force should be reviewed.

We are informed that as a result of cattle-breeding undertaken at the Pusa Agricultural Institute a valuable herd of some 380 animals has been built up. It has been represented to us that it is desirable to take such steps as are possible to improve the breed of cattle in the country and to provide educational facilities in dairy farming, and that it would be advantageous in these respects as well as economical if the operations of the military and civil authorities were co-ordinated. We suggest therefore that the experiment should be made of placing one or more of the military dairy farms under the control of the civil authorities.

42. *Army Clothing Factories*—

	Gross Expenditure. Rs.
1913-14, Actual Expenditure	28,72,246
1921-22, Budget Estimate	98,50,000
1922-23, Budget Estimate	84,43,250

Two depôts, *viz.*, at Madras and Shahjahanpore are maintained for the manufacture of garments and requirements in excess of the output of these factories are obtained from contractors. We are informed that the labour at the factories is carried out at contract rates and that the prices of the garments manufactured compares favourably with those at which purchases are made.

We observe that in 1913-14 the proportion of British to Indian employees at Army Clothing Factories and Depôts was 23 to 276 whereas at the present time the proportion is 73 to 442, we consider that the proportion of British personnel should be reduced to twelve per cent. of the total staff.

Of the total expenditure for 1922-23 Rs. 71,74,000 was for materials imported from England and purchased locally and considerable savings should be possible in 1923-24 owing to the fall in prices. These savings will, however, be largely set off by the loss of the so-called receipts under Army Clothing Factories in 1922-23, these including a special credit of Rs. 10,00,000 on account of the difference between the prices paid to the Disposals Commissioner for certain stores purchased from him and the vocabulary prices of these stores. The value of all finished garments manufactured at the factories is charged to the stock account, in dealing with which we take credit for anticipated savings in expenditure on Clothing (see paragraph 65).

43. *Army Ordnance Factories*—

	Gross expenditure Rs.
1913-14, Actual Expenditure . . .	62,88,535
1921-22, Budget Estimate	1,70,78,000
1922-23, Budget Estimate	1,13,25,000

There has been no increase in the number of Ordnance factories since 1913-14 except that the Ishapore branch of the Gun and Shell Factory has been formed into an independent factory called the Metal and Steel Factory.

We are much impressed with the large expenditure which is being incurred at these factories in spite of the fact that there are over Rs. 14 crores worth of Ordnance Stores in stock. We appreciate that it is necessary to retain a nucleus staff at each factory to enable the output to be rapidly expanded in the event of war, but in view of the large expenditure now being incurred we are not satisfied that the staff has yet been reduced to this minimum.

We consider that the orders given to all Ordnance factories should be limited to the essential requirements of the Army and that, if these orders are insufficient to employ fully the nucleus staff which must be retained, endeavour should be made to obtain orders from other Government Departments for such articles as can be manufactured at economic prices. We consider, however, that, in the interests of private enterprise, the factories should be discouraged from obtaining orders from outside sources.

We are informed that the estimated saving from the closing of the Dum Dum Ammunition Factory which is being sold is Rs. 12 lakhs, but as the whole cost of working the factories is included in the cost of the articles produced, which is debited to the stock account, all savings effected owing to fall in prices or reduction of output will be more appropriately dealt with under that heading (see paragraph 66).

44. *Base Mechanical Transport Workshops*—

	Gross expenditure.
	Rs.
1913-14, Actual Expenditure	*Nil.*
1921-22, Budget Estimate	29,68,000
1922-23, Budget Estimate	32,53,000

This expenditure covers the cost of the workshops at Chaklala, Peshawar, Bannu and Bombay. We understand the shops at Chaklala have been built on a lavish scale with the idea that the whole of the major repairs would be carried out at this factory. The equipment and machinery are, however, said to be unsuitable in many instances for the work required and, in view of the large reductions which we recommend in the use of Mechanical Transport, we consider that the possibility of using these workshops for some other purpose should be explored and that only a small repairing shop should be maintained at Chaklala for the repair of vehicles in the neighbouring district.

We think that endeavour should be made to come to a favourable arrangement with the commercial concerns supplying the standard types of vehicles adopted by the Army to undertake complete overhauls in India of their own vehicles which we think would form a valuable reserve capacity for repairs in war.

We consider that 300 of the British civilian artificers now employed at Chaklala, costing Rs. 13 lakhs annually, whose services we understand it is proposed to dispense with, should not be replaced and we recommend that the provision for workshops in 1923-24 should be limited to Rs. 15,00,000, a reduction of Rs. 17,53,000 which we have taken into account in the estimated saving of Rs. 55,00,000 already recommended (see paragraph 23).

Military Accounts.

	Rs.
1913-14, Actual Expenditure . . .	30,10,000
1921-22, Revised Estimate	79,58,000
1922-23, Budget Estimate	85,89,000*

*Excluding Rs. 5,10,000 on account of cost accounting staff in Ordnance Factories.

45. The work of the Military Accounts offices was greatly dislocated by the war, and they are still dealing with the arrears of work which accumulated during and after the war. They have been further embarrassed by the recent

introduction of the cost accounting scheme for the Army, and various defects in their administration have been brought to our notice. It is essential for the proper control of expenditure that these establishments should be maintained in a state of efficiency and, apart from the question of pay of the establishment which we deal with in another section of our report, we are unable to recommend any immediate reduction, as, if our recommendations are adopted, heavy work will be thrown upon the Accounts offices during the transition period. We consider, however, that all possible steps be taken to increase their efficiency and that as soon as the position with regard to military expenditure has been stabilised the establishments and organisation of these offices be reviewed and substantial economy effected.

Ecclesiastical Establishments.

	Rs.
1913-14, Actual Expenditure . . .	4,61,000
1921-22, Revised Estimate	6,22,000
1922-23, Budget Estimate	7,70,000

46. The above figures represent the cost of spiritual ministration by denominations other than the Church of England. Of the increase of Rs. 3,09,000 since 1913-14 Rs. 1,89,000 is due to the improvement of the status and emoluments of religious teachers with Indian fighting units.

We are informed that there has been a decrease in the number of British troops in India of the Roman Catholic denomination and we recommend that the number of chaplains of that denomination should be reduced to the essential minimum and all other Roman Catholic clergymen ministering to troops placed on a capitation basis, which it is anticipated will result in a saving of Rs. 1,50,000.

Soldiers belonging to the Church of England are ministered to by chaplains of the Indian Ecclesiastical Establishment the cost of which is borne on the civil estimates. We understand that a proposal is now under consideration for the formation of an Army Chaplains Department the charges for which would be met from the Army budget. We recommend that an early decision should be arrived at on this proposal, and that if it is proceeded with no additional expenditure should be involved.

Administration of Cantonments.

	Rs.
1913-14, Actual Expenditure	13,20,000*
1921-22, Revised Estimate	18,38,000
1922-23, Budget Estimate	18,24,000

*Excluding special expenditure of Rs. 10,93,000 on the New Cantonment, Delhi.

47. There has been no change in the pre-war arrangements regarding the administration of cantonments, the rise in expenditure being due partly to increases in the pay of the staff and partly to increased contributions by Government to cantonment funds, a result of the increased expenditure caused by the rise in prices. Prices have now fallen and we recommend that a reduction of Rs. 50,000 be made under this head.

Recruiting Staff.

	Rs.
1913-14, Actual Expenditure	1,67,000
1921-22, Budget Estimate	2,10,000
1922-23, Budget Estimate	3,06,000

48. The recruiting staff, which before the war consisted of 9 British Officers and 14 Assistant recruiting officers, has been increased to 10 British Officers and 216 other ranks including 176 permanent recruiters and 40 clerks. If our

proposals for a reduction in the establishment of Indian Troops and an increase in their term of service be adopted, there will be a substantial reduction in the annual number of recruits required and a considerable curtailment of the recruiting agency should be feasible. There have, however, been substantial recoveries from the British Government in the last two years for work carried out on their behalf which is not expected to continue. We recommend that the provision under this head be reduced by Rs. 20,000.

Hill Sanitaria and Depôts.

	Rs.
1913-14, Actual Expenditure	2,31,000
1921-22, Budget Estimate	3,54,000
1922-23, Budget Estimate	3,62,000

49. No change has been made in the pre-war arrangements for the maintenance of a certain number of Sanitaria for British troops, but one additional sanitarium has been opened. We understand, however, that it is proposed to lower the minimum age at which a British soldier comes out to India with the object *inter alia* of reducing the capitation payments to the War Office in regard to British troops. We do not accordingly recommend any reduction in the expenditure under this head.

Expenditure in England on the Standing Army.

	£
1913-14, Actual Expenditure . . .	1,442,000
1921-22, Revised Estimate	4,428,000
1922-23, Budget Estimate	4,287,000

50. The more important items included under this heading are the following:—

Payments to the War Office in respect of British troops serving in India (£1,788,000).—These payments are based on a capitation rate for each officer and man on the authorised British establishment, the rate having reference to an actuarial calculation of the number of recruits required annually to keep up the Indian establishment of British troops and to the cost of raising, training and equipping the annual drafts and reliefs. The rate last came under regular revision in 1908 when, as the result of a compromise between the Secretary of State for India (Lord Morley) and the Secretary of State for War (Lord Haldane), the then existing capitation rate of £7-10-0 was raised to £11-8-0. In 1920 the War Office represented that in view of the rise in the rates of pay and prices this rate was no longer adequate and we are informed that, pending a definite revision of the arrangements which is now under examination, payments from 1920-21 onwards have been made on a provisional basis, namely in 1920-21 and 1921-22 at the rate of £28-10-0 and in 1922-23 at the rate of £25-13-0 per head, on the average estimated strength of British troops in India in these years.

We understand that for 1923-24 the provisional rate has been reduced to £25 and this will effect a saving of approximately £44,000 in addition to that resulting from the reduction in establishment which we have recommended.

The settlement of 1908 was in the nature of a compromise and it is not possible to split up the total charge into the various components entering into the cost. We recommend that the conclusion of a fresh regular settlement should be expedited and suggest that the most equitable arrangement will be to base the payment on the number of troops sent out and the cost of training them, to fix a separate rate for the technical services, and to allocate the cost to the War Office of training recruits between the India Office and the War Office *pro rata* to the normal colour service in each country, subject to a due allowance for the potential value to the British Government of returned men available for the reserve.

51. *Furlough allowances of officers of the Indian Services (£935,000).*—We understand that the most recent information indicates that the budget provision was too high by at least £346,000 and there will therefore be a reduction in 1923-24 of this amount in addition to savings due to reduction in establishment.

52. *Payments to or by the War Office on account of stores taken to or from India by British troops, and their clothing.*—The budget for 1922-23 included provision for a net payment to the War Office of £93,000 compared with £18,000 in 1913-14. The War Office is credited with the value of equipment and stores taken to India by British troops sent to that country and is debited with the value of the equipment and stores sent back with returning troops. We are informed that the heavy provision in the budget for 1922-23 is due to the assumption that a large shortage in the authorised establishment of British troops would be made good in the course of the year. Normally the net expenditure on this account should be small, and, with a reduction in establishment, this net debit should disappear in 1923-24 saving £93,000.

53. *Exchange concession in respect of Mesopotamia (£250,000).*—This item is non-recurring and there will be an automatic saving of this amount.

54. *Unemployment insurance of British troops (£95,000).*—The British soldier serving in India cannot be refused concessions on a scale equivalent to those granted in England.

55. We consider that as India is the largest employer of British troops, outside the United Kingdom, prospective changes in the administration of those troops which involve large expenditure should in every case be fully discussed with the Government of India before being put into effect, and that they should, at least, be given full opportunity of examining all such proposals in their relation to India.

56. *Summary.*—The total of the reductions indicated is £733,000, or a saving of Rs. 1,09,95,000 in 1923-24.

Stock Account.

	Net credits.
	Rs.
1913-14, Actuals	4,46,000
1921-22, Revised Estimate	2,64,72,000
1922-23, Budget Estimate	60,03,000

57. These figures represent the balance of transactions in stores of all descriptions, expenditure on purchase and additions by manufacture or transfer to the account being treated as debits, and issues to units or establishments, and reductions by transfer being treated as credits. It must be noted also that sterling transactions are converted into rupees at Rs. 10 = £1. The gross transactions may be summarised as follows on the basis of Rs. 15 = £1 :—

	Budget estimate, 1922-23.
	Rs.
Arrear payments	73,50,000
Cost of stores purchased	12,90,24,000
Share of cost of supply organisations, representing overhead charges	98,74,000
Total expenditure	14,62,48,000
Expenditure excluding arrear payments	13,88,98,000
Issues	14,81,42,000

The expenditure includes two large arrear payments of £410,000 and £80,000 on account of ordnance and mechanical transport equipment respectively indented for in previous years, or Rs. 73,50,000 in all, and there should be an equivalent saving in 1923-24.

58. Excluding this item, purchases and issues of stores under the various heads, as contemplated in the budget for 1922-23, are shown in the table below :—

Stock account, Budget, 1922-23.

—	Total stocks held on 1st April 1922.	Additions by purchase or manufacture including all overhead charges.	Issues.	Loss by fluctuation in prices, etc.	Additions to stock.	Reduction of stock.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Provisions	1,51,[illegible]0,000	4,03,[illegible]9,000	4,56,[illegible]5,000	22,33,000	...	75,29,000
Forage	61,9[illegible],000	2,[illegible]2,87,000	2,71,[illegible]7,000	3,00,[illegible]00	...	1,30,[illegible]00
Fuel and light	11,61,000	46,38,000	46,58,00[illegible]	...	...	20,000
Petrol and lubricants	18,58,000	49,8[illegible],000	49,89,[illegible]00	...	...	...
Miscellaneous stores	4,25,000	14,45,000	14,2[illegible],000	17,000	...	...
Medicines and surgical implements	1,05,63,000	35,90,000	40,71,000	6,20,000	...	11,01,000
Clothing	1,[illegible]3,17,000	1,77,55,000	2,33,[illegible]4,000	3,5[illegible],000	...	59,19,[illegible]00
Ordnance	14,00,00,[illegible]00*	2,40,42,000	2,34,12,000§	20,00,000	...	14,00,000
Mechanical transport	85,00,000†	55,00,000	40,00,000‖	15,00,000	...	
Animals	...	92,63,000	94,28,000	35,000	...	2,00,000
TOTAL	20,14,71,000‡	13,88,98,000	14,81,42,000	70,55,000	...	1,62,99,000

* Total on 31st December 1922.

† Approximate, excluding vehicles.

‡ Total, excluding vehicles and animals.

§ In the Budget, 1922-23, a portion of the issues for consumption was not allocated to units and establishments but remained at debit of the stock account.

‖ Includes Rs. 4 lakhs for replacement of vehicles which were not allocated to units in the Budget for 1922-23 and remained at debit of the Stock Account.

It will be seen that large reductions were proposed in 1922-23, mainly under provisions and clothing. To this extent the Army was during the year living on its existing stocks of stores, and its real cost during the year was to the same extent understated in the estimates. At the same time, we consider that, in view of the magnitude of the total stocks held, it should be possible materially to restrict purchases in 1923-24 under a large number of the heads, as we have pointed out in dealing with the relevant sections of the estimates. We examine below the savings which it should in our opinion be possible to effect by reduction in stocks and otherwise :—

59. *Provisions.*—The estimated cost of provisions issued to the fighting and administrative services in 1922-23 without making allowance for the anticipated reduction in stocks during the year was Rs. 4,00,03,000. There are four main ways in which a reduction can be effected :—

(*i*) Reduction in establishment.

(*ii*) Reduction in stocks held.

(*iii*) Fall in prices.

(*iv*) Changes in rations, etc.

We have already taken into account the savings which will result from the reduction in establishment which we have proposed. A substantial reduction in stocks is being effected in 1922-23, but we consider that they can safely be drawn on during 1923-24 to the extent of a further Rs. 35 lakhs if our recommendations about reductions in troops are accepted. In 1922-23, as a result of the fall in prices which has taken place during the year, a saving of Rs. 15 lakhs is anticipated in addition to a lump allowance made on this account in the budget; and on the basis of present prices we consider that a reduction of Rs. 35 lakhs can be assumed in 1923-24 compared with the estimates for 1922-23. On the other hand, an allowance of Rs. 10 lakhs is said to be necessary for losses in storage and transit. The Budget for 1922-23 made no provision for these losses ; but some loss is inevitable with transactions of the magnitude mentioned above, and we are informed that the actual loss in 1922-23 will not be less than Rs. 10 lakhs. The resultant saving will thus amount to Rs. 35 lakhs non-recurring and Rs. 25 lakhs a year recurring.

60. *Ration allowances.*—We are informed that the British soldier at present draws a messing allowance of 6½ annas per diem on the basis of an allowance of 6½*d.* formerly drawn by him when in England, and that the military authorities propose to reduce the allowance to 3½ annas per diem, the English allowance having been reduced to 3½*d.* per diem. This will effect a saving of Rs. 37 lakhs on the reduced establishment.

61. *Feed of Animals.*—Substantial economies have been secured on the estimates for 1922-23 as a result of the fall in prices and the reduction of ration scales, the estimated saving being Rs. 41 lakhs in 1923-24. We doubt whether this estimate takes sufficient account of the fall in prices which has occurred, and we recommend that the saving under this head be increased to Rs. 50 lakhs, apart from the saving due to the reduction of 3 British Cavalry Regiments, and the reduction in the war reserve of horses which we have taken into account elsewhere.

We consider also that with the reduction in the strength of troops recommended by us it should be possible to reduce stocks by Rs. 10 lakhs. If allowance be made for a loss in storage and transit of Rs. 5 lakhs for which no provision was made in the Budget, the net saving will be Rs. 45 lakhs a year recurring and Rs. 10 lakhs non-recurring.

62. *Fuel and light.*—There has been no marked fall in prices and we have no recommendation to make about reduction in the cost of issues apart from reduction in strengths of fighting troops, or about reduction in stocks. The reduction in issues which will result from a reduction in the strength of troops has been taken into account by us elsewhere.

63. *Petrol and lubricants.*—There has been no marked fall in prices and we assume no reduction in the cost of issues. We consider, however, that, with the proposed rationing of petrol and limitation of mileage to be run by vehicles in times of peace, it should be possible to reduce stocks by Rs. 5 lakhs.

64. *Medicines and Surgical instruments.*—We have been supplied with the following figures for the operations of the Medical Store Depôts in 1921-22 :—

	Rs.
Value of stores on 1st April 1921	1,50,91,000
Purchases during year	42,70,000
TOTAL	1,93,61,000
Issues to military departments	25,64,000
Issues to civil departments	27,78,000
Transferred to Disposals Commissioner	33,18,000
Miscellaneous	1,38,000
Value of stock held on 31st March 1922	1,05,63,000
TOTAL	1,93,61,000

The stores transferred to the Disposals Commissioner represented stores acquired and held for the Imperial Government during the war and subsequently disposed of on their behalf, the Indian Government being credited with their cost. The item 'Miscellaneous' includes certain further stores in the same category similarly disposed of, but whose value is still under adjustment.

We are informed that the Department was formerly allowed to keep 3 years' stocks of imported stores, though, in practice, only 2 years' stocks were held. This practice was modified in September 1921 when rules were issued providing for the maintenance of 6 months' supply of imported stores and 3 months' supply of local stores and for the despatch of 2 Home indents a year instead of one. Arrangements have now been made with the High Commissioner under which he is furnished with a list of various scales of mobilization requirements for which orders can be placed by telegram when necessary. The budget for 1922-23 provided for a purchase of Rs. 35,90,000 against an estimated issue of Rs. 46,91,000, involving a reduction of about Rs. 11 lakhs in the total stocks held. We consider, however, that the stores held are excessive in relation to the annual issue and that early

steps should be taken to reduce the stocks to the level authorised by the orders passed in 1921. We are informed that the estimated new purchases of stores in 1923-24 amount to Rs. 35,15,000, of which Rs. 21,35,000 represents purchases in India and Rs. 13,75,000 purchases in the United Kingdom. We have scrutinised a recent indent and, having regard to the magnitude of the stocks held and the reduced demands from the army, we recommend that the budget for new purchases be curtailed by Rs. 10 lakhs, that a complete review be made of all articles held, and that, apart from the mobilization reserve of Rs. 4 lakhs, any stocks in excess of eighteen months' supply of articles not in common use or liable to deterioration be sold.

65. *Clothing.*—We are informed that an increase of 25 per cent. in the authorised periods of wear of clothing is estimated to produce an annual saving of approximately Rs. 23 lakhs. We recommend that the possibility of effecting this and other economies be further examined and the clothing and kit allowances reviewed. Making allowance for savings in the above direction and for reduction of Rs. 30 lakhs in existing stocks, we recommend that a total saving of Rs. 53 lakhs be effected under this head in 1923-24.

66. *Ordnance.*—We have ascertained that the total Ordnance Stores held on the 31st December 1922 was as follows :—

	Book value. Rs.
Working Stock	3,50,00,000
Surplus Stores	4,00,00,000
War Reserves	6,50,00,000
	14,00,00,000

The Quartermaster General has represented that, of the Rs. 3½ crores of Working Stock, only Rs. 1½ crores represent stocks that are fluid, that is, stocks required for issue to the Army which are worn out and never return. The balance of Rs. 2 crores represents stores which are issued temporarily to units and are returned when no longer required, such as tents, the value of which is about a crore.

Of the Surplus Stores about Rs. 3½ crores consist of rifles, Lewis guns, bayonets, army carts, etc. We are informed that about Rs. 50,00,000 worth of surplus stores are about to be sold and it is anticipated that they will only realise about Rs. 9,00,000. We observe that, although enormous stocks of Ordnance Stores are being held, provision for the purchase of Rs. 2,40,42,000 of stores was made in the 1922-23 budget or Rs. 6 lakhs more than the estimated value of the issues. It is evident therefore that there is little prospect of the surplus stores being utilised for some considerable time and meanwhile considerable expenditure is being incurred on storage, maintenance and reconditioning of stores in addition to the loss of interest on capital.

With regard to the stocks of war reserves we consider a reduction of 50 per cent. could be effected. In our opinion the country simply cannot afford to keep anything like Rs. 14 crores locked up in Ordnance Stores, the interest charges on which would alone amount to about Rs. 84 lakhs and the total cost would certainly be not less than Rs. 1 crore per annum.

We have already suggested that the total stores held should be reduced to Rs. 8 crores, and recommend that expenditure in 1923-24 should be limited to Rs. 130 lakhs after allowing Rs. 10 lakhs for the fall in prices, a reduction of Rs. 1,00,42,000, and that, if any balance is required for consumption, this should be obtained by reduction of stocks or from the proceeds of sales of surplus stores.

67. *Mechanical Transport.*—We have ascertained that the value of the stock of solid tyres on hand on the 31st March 1922 was Rs. 10,70,000 representing 2¼ years' supply on the basis of the previous year's requirements. The value of the stock of pneumatic tyres was Rs. 12,13,000 or just under one year's supply. The total value of the stock of spare parts on hand in March 31st, 1922, was approximately Rs. 69,00,000.

We are of the opinion that it should be possible to meet requirements for tyres and spare parts in 1923-24 by consuming existing stocks or alternatively

from the proceeds of sale of spare parts not required. In our opinion the grant for the purchase of these articles in 1923-24 should be reduced by Rs. 15 lakhs and corresponding reduction made in stocks.

The budget estimate for 1922-23 included £40,000 or Rs. 6,00,000 for the purchase of new vehicles to replace normal wastage. As we have allowed full provision for this purpose in dealing with Mechanical Transport as a whole there will be a further reduction of Rs. 6,00,000 in the total expenditure on Mechanical Transport.

68. *Animals.*—We are informed that no purchase of camels will be required in 1923-24, saving Rs. 3,33,000, and, if the proposals we have made about reduction in strength of fighting troops are accepted, it should, in our opinion, be possible to reduce the purchase of animals by Rs. 10,00,000 by making an equivalent reduction in the number of animals in the Remount Depôts.

69. Against a total saving of Rs. 3,51,42,000 which we have indicated in paragraphs 58 to 67 inclusive it must be borne in mind that the budget for 1922-23 assumed a saving of Rs. 1,62,99,000 by reduction in stocks during the current year. The *net* saving compared with the 1922-23 estimate is therefore Rs. 1,88,43,000.

Special Services.

	Rs.
1913-14, Actual Expenditure . . .	34,95,000
1921-22, Revised Estimate . . .	8,17,81,000
1922-23, Budget Estimate . . .	1,98,24,000

70. The main item included under this heading is Rs. 173 lakhs for Waziristan occupation and operations. We are informed that the provision in the military estimates for 1923-24 on this account, excluding military works and political expenditure, will be limited to Rs. 19,50,000 a reduction of Rs. 1,53,50,000.

This head also includes Rs. 20 lakhs in respect of troops at Aden. The position is that the cost of troops employed at Aden is borne by the Indian Government except—

(*a*) a contribution, as before the war, of £100,000 per annum from the British Government, and,

(*b*) a moiety of the cost of troops maintained in excess of the pre-war strength paid by His Majesty's Government.

The only important variation in the pre-war garrison is the addition of a local regiment of infantry, and owing to reduction in personnel and the fall in prices, it is now estimated that India's share of this addition to the pre-war force in 1922-23 will not exceed Rs. 10 lakhs. On the other hand we are informed that the charges of the pre-war garrison will exceed the Budget provision by Rs. 10 lakhs owing to a miscalculation of the Budget grant. We recommend that the garrison at Aden should now be reduced to the pre-war strength, representing a saving of Rs. 10 lakhs on the estimates for 1922-23.

There will be further savings under this head in 1923-24 of Rs. 3,40,000 representing arrear adjustments to be made in 1922-23 for the Afghan War and the Great War, or a total saving of Rs. 1,66,90,000 compared with the budget of 1922-23.

Miscellaneous Receipts and Charges.

This heading of the estimates includes transport of troops and carriage of stores, which we have already dealt with under Transport charges, and sundry fluctuating charges referred to below;—

71. *Miscellaneous*—

	Net receipts.	Net expenditure.
	Rs.	Rs.
1913-14, Actual Expenditure . .	...	4,33,000
1921-22, Budget Estimate . .	...	34,10,500
1922-23, Budget Estimate . .	68,57,000	...

The budget for 1922-23 includes casual receipts of £395,000 from the War Office in settlement of certain war liabilities and of Rs. 33 lakhs from the sale of surplus ordnance stores in India. On the other side are included some items of miscellaneous expenditure in England, which would have been shown under other heads of account but for the late date on which the intimation was received, and expenditure of Rs. 10,60,000 in India representing mainly (1) the value of stores issued by the Army to other departments in respect of which no charge is, under the existing arrangements, made by the former to the latter and which must consequently be charged against the Army account, and (2) miscellaneous losses and compensation payable to individuals for losses.

The receipt of Rs. 59,25,000 in England is of a non-recurring character. In regard to the casual receipt of Rs. 33 lakhs in India from sale of surplus ordnance stores, the acceptance of our recommendations will lead to the disposal of further surpluses; but we have taken credit for the sale-proceeds in other sections of this report and we cannot take credit for them again here. Omitting the two special items of receipt, the net expenditure in 1922-23 amounts to Rs. 23,68,000. We recommend that where stores are issued by the Army to other departments, a debit should be raised against the department concerned; and that the grant for net expenditure under Miscellaneous should be reduced to Rs. 20,00,000. The net receipt of Rs. 68,57,000 in 1922-23 will then give place to a net expenditure of Rs. 20,00,000 in 1923-24.

72. *Provision for New Measures and unallotted reserve with the Government of India—*

A sum of Rs. 22,13,000 was included on this account in the 1922-23 budget, besides an unallotted reserve of Rs. 22 lakhs, which was spent on the Air Force. Of the former sum, about one-half represents recurring expenditure. In future years we understand this will be shown under the appropriate heads; the balance was really intended to form an instalment of the outlay required to complete the equipment of the Army up to authorised scales and should not have been included in the provision for *new* measures. We recognise the importance of completing the equipment of the Army up to the authorised scales, particularly if our recommendations about reductions in strengths of troops are accepted. We understand that the Government of India propose to allot Rs. 30 lakhs for completion of equipment in their Military Budget for 1923-24. We recommend, however, that no provision for an unallotted reserve should be included in future budgets.

The resultant saving as compared with the budget for 1922-23 will be Rs. 3,00,000.

NON-EFFECTIVE CHARGES.

	Rs.
1913-14, Actual Expenditure . . .	4,68,51,000
1921-22, Revised Estimate . . .	6,15,30,000
1922-23, Budget Estimate . . .	8,96,79,000

73. The bulk of the expenditure under this head represents pensions. We are informed that India's share in the retired pay of British Officers and Other Ranks who have left the service during the last few years has been assessed on estimates prepared by the War Office, apparently on the basis of pre-war experience. We recommend that the pre-war arrangement be reverted to, under which a settlement was arrived at for each individual on retirement on the basis of his expectation of life.

74. A provision of £350,000 was also included in the 1922-23 budget for gratuities to surplus officers under demobilisation. It is estimated that the measure for the retirement of surplus officers will involve further expenditure of £3 million during the next 3 years for the allowances and balance of gratuity payable to the demobilised officers aud that India's share of this expenditure in 1923-24 will be £415,000, an increase of £65,000 or Rs. 9,75,000. We understand that in future this charge will be transferred from the non-effective account to the head "Special Services".

We recognise that the reductions in strengths of troops and administrative services recommended by us will involve a considerable amount of terminal charges and a temporary addition to the non-effective charges. We are unable to furnish any reliable estimate of either class of expenditure, which we have not taken into account in our financial calculations.

Auxiliary and Territorial Forces.

	Rs.
1913-14, Actual Expenditure . . .	32,84,000
1921-22, Revised Estimate	73,25,000
1922-23, Budget Estimate	1,18,86,000

75. The expenditure in 1922-23 is subdivided as follows:—

	Rs.
Staff at Army Headquarters	78,000
Staff at Headquarters of Commands . .	1,23,000
Staff at Headquarters of Districts	99,000
Auxiliary Force	75,86,000
Territorial Force	40,00,000
	1,18,86,000

It was originally contemplated that the Territorial Force should be a second line for the Indian Army, and that it should form a reserve in case of war. The present liability of the force is to serve anywhere, and to perform any duties required of it, including internal security. We are informed, however, that it will be five years before an opinion can be formed of the value of the force, which has not yet done its first training. We are informed that the cost of the units of the Territorial force which are under formation, or whose formation has been sanctioned, will amount to about Rs. 30 lakhs in 1923-24, and, taking into account some savings in headquarters and other staff, we recommend that the budget for 1923-24 be fixed at Rs. 1,08,00,000, a saving of Rs. 10,86,000.

CONCLUSIONS.

Having reviewed the expenditure of the Army we recommend that:—

(1) the reductions which we have indicated be effected in the strength of the fighting services, saving Rs. 303 lakhs per annum;

(2) steps be taken to organise an effective reserve and so enable the peace strength of Indian battalions to be reduced to 20 per cent. below the war establishment, saving Rs. 63 lakhs net per annum;

(3) the necessity for retaining the present system of four Commands be reviewed in 12 months' time, and that in the meantime the number of districts be reduced as far as possible;

(4) the authorised establishment of motor vehicles, including reserves, be limited to 1,600, the number of vehicles in use and mileage run be strictly limited, and a system of rationing petrol be introduced;

(5) the supply services be reorganised on a less expensive basis, and the stocks held at depots reduced;

(6) commercial accounts be kept for all manufacturing establishments and for the Remount department;

(7) the basis of the capitation rate for British troops, now under revision, be determined in the manner indicated in our report;

(8) the Government of India be given a full opportunity of reviewing any proposed changes in the administration of British troops involving large expenditure before such changes are brought into operation ;

(9) stocks of stores generally be largely curtailed, and stocks of Ordnance stores including reserves be reduced from Rs. 14 crores to Rs. 8 crores, all surplus Ordnance stores being disposed of ; and

(10) the budget estimate for 1923-24 be limited to Rs. 51,47,00,000, a reduction of Rs. 8,95,30,000 compared with the budget estimates for 1922-23, subject to such adjustment as may be necessary on account of the delay which must ensue in carrying out the proposed changes.

APPENDIX A.

ARMY EXPENDITURE.

(Excluding Military Works, Royal Indian Marine and Royal Air Force.)

	1922-23 (BUDGET ESTIMATES).			1913-14. (ACTUALS.)
	Expenditure.	Receipts.	Net expenditure.	Net expenditure.
	Rs.	Rs.	Rs.	Rs.
I. Standing Army :—				
(1) Fighting services in India proper and Burma.	26,06,08,000	15,000	26,05,93,000	14,50,14,000
(2) Administrative services	3,66,29,000	5,20,000	3,61,09,000	1,29,74,000
(3) Miscellaneous units and expenditure	15,97,000	...	15,97,000	6,86,000
(4) Expenditure in England	6,43,15,000	17,65,000	6,25,50,000	2,16,30,000
(5) Forces in Aden	34,93,000	15,00,000	19,93,000	3,84,000
(6) Forces in South and East Persia	3,75,000	...	3,75,000	...
(7) Forces serving in the Colonies	11,73,000	12,60,000	—87,000	—2,18,000
Total of I	36,81,90,000	50,60,000	36,31,30,000	18,04,70,000
II.—Cost of Educational, etc., establishments, working expenses of Hospitals, Depôts, etc. :—				
(1) Educational and Instructional establishment.	1,09,97,000	...	1,09,97,000	52,97,000
(2) Army Education	37,92,000	67,000	37,25,000	11,71,000
(3) Working expenses of hospitals	3,24,75,000	1,80,000	3,22,95,000	79,99,000
(4) Working expenses of depôts	1,57,86,000	36,73,000	1,21,13,000	41,34,000
(5) Working expenses of manufacturing establishments.	1,16,58,000	90,75,000	25,83,000	2,45,000
(6) Inspection of stores	10,75,000	...	10,75,000	4,07,000
(7) Military Accounts Offices	85,89,000	...	85,89,000	30,10,000
(8) Ecclesiastical establishments	7,70,000	..	7,70,000	4,61,000
(9) Administration of Cantonments	18,50,000	26,000	18,24,000	24,13,000
(10) Miscellaneous	9,36,000	...	9,36,000	3,98,000
Total	8,79,28,000	1,30,21,000	7,49,07,000	2,55,35,000
*Add for exchange at Rs. 15 = £1	37,62,000	...	37,62,000	5,19,000
Total of II	9,16,90,000	1,30,21,000	7,86,69,000	2,60,54,000
III.—Army Headquarters. Staff of Commands, etc.—				
(1) Army Headquarters	61,90,000	...	61,90,000	28,56,000
(2) Staff of Commands	30,14,000	...	30,14,000	4,87,000
(3) Staff of Districts and Brigades	93,04,000	...	93,04,000	55,85,000
(4) Embarkation Staff	1,58,000	...	1,58,000	...
(5) Railway Transport Staff	4,86,000	...	4,86,000	13,000
(6) Miscellaneous	4,76,000	...	4,76,000	3,09,000
	1,96,28,000	...	1,96,28,000	92,50,000
Deduct recoveries from His Majesty's Government on account of part of A.B.C.	—13,20,000	...	—13,20,000	...
Total of III	1,83,08,000	...	1,83,08,000	92,50,000
IV.—Stock account†	2,48,42,000	2,36,40,000	12,02,000	27,70,000
V.—Special Services	1,98,64,000	40,000	1,98,24,000	34,95,000
VI.—Miscellaneous charges and receipts :—				
(1) Indian Troop Service	1,38,86,000	19,50,000	1,19,36,000	29,03,000
(2) Carriage of troops and stores in India.	1,20,50,000			
(3) Miscellaneous	27,55,000	96,22,000	95,96,000	36,68,000
(4) Provision for new measures	22,13,000			
(5) Reserve with Government	22,00,000			
Total of VI	3,31,04,000	1,15,72,000	2,15,32,000	65,71,000
VII.—Non-effective charges	9,28,97,000	32,18,000	8,96,79,000	4,68,51,000
VIII.—Territorial and auxiliary forces	1,18,86,000	...	1,18,86,000	32,84,000
GRAND TOTAL	66,07,81,000	5,65,51,000	60,42,30,000	27,87,45,000

* Expenditure in England on stores included in the above statement has been converted at Rs. 10=£1. We have not been able to obtain information as to the distribution of this expenditure over the various items and it has therefore been necessary to make a lump addition representing the difference between the rupee equivalent of the sterling expenditure at the rate of Rs. 10 = £1 and at the rate of Rs. 15 = £1.

† The figures given in the budget for 1922-23 for total expenditure and net expenditure are Rs. 1,76,37,000 and a minus figure of Rs. 60,03,000, respectively, the latter figure being a credit representing a portion of the reduction of stocks. The figure for gross expenditure includes expenditure on stores in England amounting to £752,400 converted at Rs. 10 = £1 whereas in this statement it is converted at Rs. 15 = £1.

APPENDIX B.

Analysis of the authorised establishment of Fighting and Administrative services, exclusive of Aden, Persia and the Colonies and of reservists and Auxiliary and Territorial Forces, on 1st April 1914 and 1st April 1922.

	1914.					1922.				
	British Troops.	Indian Troops.	Civilians.	Followers.	Total.	British Troops.	Indian Troops.	Civilians.	Followers.	Total.
I.—Fighting Services, Army—										
Cavalry	6,169	24,156	...	3,147	33,472	5,094	10,962	...	6,510	22,566
Infantry and Pioneers	54,465	115,056	...	5,657	175,178	43,385	108,567	...	9,447	166,349
Artillery	15,205	10,139	...	10,695	36,039	11,446	13,902	...	2,781	28,129
Sappers and Miners	198	4,734	...	207	5,139	350	7,875	...	667	8,892
Signals	207	352	...	57	616	2,196	3,311	...	757	6,264
Tank Corps	...	...	...	...	...	1,265	...	...	336	1,601
Total	76,244	154,437	...	19,763	250,444	68,686	144,617	...	20,498	233,801
Air Force	...	...	...	...	...	1,859	2	84	1,198	3,143
II.—Administrative Services—										
Supply and Transport Corps	705	1,221	665	21,988	24,579	1,901	14,193	1,645	15,575	33,314
Training Establishments	111	10	18	241	380	249	103	22	432	805
Army Education	183	1	121	4	309	531	653	158	295	1,637
Hospitals	1,039	663	313	8,159	10,174	1,897	7,287	45	5,523	14,752
Arsenals, etc.	411	1	443	1,658	2,513	969	1,424	550	371	3,314
Medical Store Depôts	14	7	91	436	548	13	7	92	464	576
Veterinary	73	...	17	1	91	60	1,612	64	121	1,857
Remounts	59	8	...	5,006	5,073	50	232	68	4,570	4,920
Military Farms	99	...	256	26	381	107	...	408	36	551
Ordnance Factories and Inspections	195	3	634	211	1,043	160	...	925	170	1,255
Military Accounts Department	43	...	1,948	372	2,363	27	...	3,823	815	4,665
Ecclesiastical Establishment	...	...	97	...	97	...	...	592	...	592
Cantonment Magistrates	48	3	490	...	541	49	3	473	...	525
Recruiting Staff	9	...	...	14	23	10	216	...	...	226
Hill Sanitaria and Depôts	32	...	...	657	689	41	...	...	677	718
Staffs at:—										
Army Headquarters	83	...	335	197	615	153	...	729	310	1,192
Commands	24	2	10	24	60	209	4	92	95	400
Districts and Brigades	563	2	37	318	920	549	...	293	270	1,112
Miscellaneous	57	5	...	...	62	124	4	28	...	156
Miscellaneous units	5	287	2	210	504	39	200	...	74	313
Unemployed and unattached list of officers	93	...	...	...	93	68	...	...	...	68
Total	3,846	2,213	5,477	39,522	51,058	7,206	25,938	10,007	29,798	72,949
Grand Total	80,090	156,650	5,477	59,285	301,502	77,751	170,557	10,091	51,494	309,893

APPENDIX C.

Statement showing stock of mechanical transport vehicles and estimated requirements.

Type of vehicle.	Stock of vehicles.				Requirements as contemplated by military authorities.		
	Fit for war.	Fit for war after repairs.	Obsolete vehicles.	Total stock.	Vehicles maintained in use.	Vehicles in stock.	Total.
Motor cars . . .	165	70	214	449	261	198	459
Char-a-bancs . . .	...	..	4	4	...	...	...
Heavy Lorries . .	264	161	280	705	486	695	1,181
Light Lorries . . .	49	...	161	210	139	128	267
Vans	200	100	758	1,058	161	292	453
Ambulances . .	203	53	235	491	207	457	664
Armoured Cars .	19	...	60	79	147	25	172
Workshop and miscellaneous Lorries . . .	107	17	56	180	131	115	246
Chassis	126	...	7	133	...	...	...
Tractors tenders and miscellaneous vehicles .	30	13	17	60	52	17	69
Total	1,163	404	1,792	3,369	1,584	1,927	3,511
Motor Cycles . . .	256	124	304	684	...	...	...

APPENDIX D.

Working Expenses of Store Depôts, etc.

Depôts, etc.	1913-14, Actual Expenditure.					1921-22, Budget Estimate.					1922-23, Budget Estimate.				
	Gross Expenditure.	Charged to other heads.	Balance.	Receipts.	Net Expenditure.	Gross Expenditure.	Charged to other heads.	Balance.	Receipts.	Net Expenditure.	Gross Expenditure.	Charged to other heads.	Balance.	Receipts.	Net Expenditure.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Arsenals and Ordnance Depôts	26,08,924	...	26,08,924	...	26,08,924	54,71,000	...	54,71,000	1,70,000	53,01,000	72,87,240	2,70,000	70,17,240	26,50,000	43,67,240
Clothing and Boot Depôts	...	...	...	...	...	4,97,000	...	4,97,000	...	4,97,000	4,74,080	...	4,74,080	8,00,000	+3,25,920
Directorate of Stocks	...	...	...	...	...	...	...	...	...	...	1,67,000	...	1,67,000	...	1,67,000
Supply Depôts	43,13,057	39,79,947	3,33,110	27,376	3,05,734	44,62,000	...	44,62,000	60,000	44,02,000	98,12,000	75,12,000	23,00,000	...	23,00,000
Medical Store Depôts	3,27,584	...	3,27,584	...	3,27,584	4,51,000	...	4,51,000	...	4,51,000	5,94,240	...	5,94,240	...	5,94,240
Veterinary Store Depôt	...	...	...	...	...	14,000	...	14,000	...	14,000	...	...	...	...	...
Veterinary Hospitals	4,26,439	...	4,26,439	...	4,26,439	22,76,000	...	22,76,000	...	22,76,000	26,99,000	...	26,99,000	...	26,99,000
Remount Depôts and Breeding Operations.	27,23,071	20,77,451	6,45,620	1,80,656	4,64,964	53,58,000	...	53,58,000	3,00,000	50,58,000	66,12,000	48,34,000	17,78,000	2,23,000	15,55,000
Central Mechanical Transport Store.	...	...	...	...	...	3,50,000	...	3,50,000	...	3,50,000	4,73,000	...	4,73,000	...	4,73,000
M. T. Reserve Vehicle Park	...	...	...	...	...	2,03,000	...	2,03,000	...	2,03,000	2,70,000	...	2,70,000	...	2,70,000
M. T. Shipping Section	...	...	...	...	...	14,000	...	14,000	...	14,000	14,000	...	14,000	...	14,000
Total	1,03,99,075	60,57,398	43,41,677	2,08,032	41,33,645	1,90,96,000	...	1,90,96,000	5,30,000	1,85,66,000	2,84,02,560	1,26,16,000	1,57,86,560	36,73,000	1,21,13,560

APPENDIX E.

Working Expenses of Manufacturing Establishments.

—	1913-14, Actual Expenditure.					1921-22, Budget Estimate.					1922-23, Budget Estimate.				
	Gross Expenditure.	Charged to other heads.	Balance.	Receipts.	Net Expenditure.	Gross Expenditure.	Charged to other heads.	Balance.	Receipts.	Net Expenditure.	Gross Expenditure.	Charged to other heads.	Balance.	Receipts.	Net Expenditure.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(*a*) Bakeries . . .	1,00,260	1,00,260	...	...	...	...	...	...	...	...	10,84,000	10,84,000	...	...	...
(*b*) Butcheries . . .	...	...	...	...	...	...	...	...	...	...	15,000	15,000	...	...	...
(*c*) Grass farms . . .	44,77,248	44,77,248	...	1,56,544	—1,56,544	78,90,000	70,29,000	8,61,000	8,61,000	...	1,06,30,000	98,30,000	8,00,000	8,00,000	...
(*d*) Dairy farms . . .	24,15,418	...	24,15,418	19,80,411	4,35,007	68,39,000	...	68,39,000	68,39,000	...	67,25,000	...	67,25,000	67,25,000	...
(*e*) Army Clothing factories .	28,72,246	28,72,246	...	33,832	—33,832	98,50,000	98,50,000	...	...	...	84,43,250	84,03,000	40,250	10,50,000	—10,09,750
(*f*) Army Ordnance factories .	62,88,535	52,39,864	10,48,671	10,48,671	...	1,70,78,000	1,65,48,000	5,30,000	5,30,000	...	1,13,25,000	1,04,85,000	8,40,000	5,00,000	3,40,000
(*g*) *Base Mechanical Transport Workshop* . . .	...	...	...	...	...	29,68,000	...	29,68,000	...	29,68,000	32,53,000	...	32,53,000	...	32,53,000
Total Expenditure .	1,61,53,707	1,26,89,618	34,64,089	32,19,458	2,44,631	4,46,25,000	3,34,27,000	1,11,98,000	82,30,000	29,68,000	4,14,75,250	2,98,17,000	1,16,58,250	90,75,000	25,83,250

ROYAL AIR FORCE.

	Rs.
1913-14, Actual Expenditure	41,000
1921-22, Revised Estimate	1,34,29,000
1922-23, Budget Estimate	1,41,00,000

We understand it has been decided that in future the estimates of the Royal Air Force shall be included in a separate section of the Budget which will contain provision for all expenditure relating to the Force. We are informed that the provision proposed under this head for 1923-24 is Rs. 1,88,05,000. A portion of the increase is due to the transfer to this section of expenditure in the Military Works Department on accommodation for the Force (Rs. 10 lakhs in 1922-23), and of payments to the Air Ministry for passages. The balance is required to bring the Air Force up to a state of efficiency. Since the potentialities of the Air Force in India are only now being proved, and there is a possibility that the extended use of the Air Force might result in economies in expenditure on ground troops, we make no recommendations.

ROYAL INDIAN MARINE.

The estimate for 1922-23 compares with the revised estimate for 1921-22 and the actual expenditure in 1913-14 as follows:—

—	Expenditure in India.	Expenditure in England.	Total (sterling converted at rate of Rs. 15=£1).
	Rs.	£	Rs.
1913-14, Actual Expenditure . .	24,93,000	257,100	63,49,000
1921-22, Revised Estimate . .	44,97,000	392,900	1,03,91,000
1922-23, Budget Estimate . .	67,21,000	465,200	1,36,99,000

2. The functions of the Royal Indian Marine hitherto have been—

(1) The conveyance of troops in "Indian waters".

(2) The maintenance of station ships, the tending of lighthouses in the Red Sea, the Persian Gulf and Burma, and the Marine Survey of India.

(3) The maintenance of the Bombay Dockyard and of all military launches.

A list of vessels in the Royal Indian Marine together with details of the cost of maintaining the more important vessels is given in Appendix A.

3. *Troopships.*—We are informed that it is proposed to dispose of the three troopships "Dufferin", "Hardinge" and "Northbrook". These vessels, which were originally intended to convey troops in "Indian waters", have been engaged mainly on trooping service for His Majesty's Government from whom the expenditure incurred was recovered. The total cost of maintaining these three vessels for 1922-23 was Rs. 34,93,869, excluding Rs. 8,17,485 for interest on capital at 5 per cent. and depreciation charges at 4 per cent. The sale of the vessels will therefore effect an automatic reduction in the provision required for 1923-24 of Rs. 34,93,869 against which must be set off the loss of receipts from the hire of the vessels to His Majesty's Government, *viz.*, Rs. 3,18,000, and the expenditure which must be incurred for care and maintenance parties

for each vessel until sold, which is estimated at a total of Rs. 90,000 annually. The net reduction in the provision required for 1923-24 compared with the current year is consequently Rs 30,80,000.

4. *Station ships, etc.*—We discussed with the Director, Royal Indian Marine, the possibility of dispensing with some of the other Royal Indian Marine vessels now maintained and understand that he has suggested to the Government of India that the "Lawrence" should be fitted up to perform her own duties and those of the "Nearchus". The annual cost of maintaining the "Nearchus," which is borne on the Political Estimates, is Rs. 4,86,000, of which one-half is paid for by the British Government. The "Lawrence" is at present utilised as a despatch vessel in the Persian Gulf and we consider that her cost also, *i.e.*, Rs. 4,62,000, exclusive of interest on capital and depreciation, should be borne on the Political estimates.

It should also be possible to arrange for the tending of certain of the Burma lights by trawlers and for the "Clive" to combine the Andaman and Burma station-ship duties and thereby release the "Minto" for disposal. The cost of maintaining the "Minto", exclusive of interest on capital and depreciation is Rs. 2,77,000, and the disposal of this vessel less the cost of maintaining trawlers would therefore effect some saving and the disposal of this vessel.

The "Cornwallis", which is employed as a station-ship at Aden, attends to the lights in the southern end of the Red Sea and, as we are informed that the Board of Trade is being asked to defray the cost of attending to these lights, a small saving in the Marine estimate should result thereform. The "Dalhousie" is used as a receiving ship at Bombay at an annual cost of Rs. 1,20,000, but, in view of the decision to dispose of the 3 troopships and other Marine vessels, we consider that this vessel will no longer be required.

5. *Sloop and Patrol Craft.*—The sloop "Elphinstone" and the two Patrol Craft boats "Baluchi" and "Pathan" were presented to India by the Admiralty after the war. The sloop is used as a relief station ship to replace vessels as required during the period necessary for their annual refit or for repairs. It is intended to keep one of the Patrol Craft boats in commission for use as a training ship and the other Patrol Craft boat in reserve for use when the training ship is not available. The annual cost of maintaining the sloop is estimated at Rs. 3,21,000 and the two Patrol Craft boats at Rs. 1,50,000. Special provision for reconditioning these 3 vessels was made in the 1922-23 Budget, the total amount provided for their maintenance being Rs. 5,86,000. There should therefore be an automatic saving of Rs. 1,05,000 for 1923-24.

6. *Trawlers.*—Of the nine trawlers now maintained, one has been leased to the Bombay Port Trust, who bear all working expenses and the cost of repairs, etc. We are informed that the second trawler has recently been hired to the Iraq Administration on a monthly hire of Rs 2,000 and arrangements are being made to hire the third trawler to a private individual for experimental fishing. Two of the remaining six trawlers may possibly be used as training ships in addition to the Patrol Craft boat, one will be utilised as a light-ship in the Persian Gulf in lieu of the existing light-ship and it is proposed to convert another into a water barge. The remaining 3 trawlers are at present unemployed.

We consider that one Patrol Craft boat and at least four trawlers should be dispensed with immediately.

7. *Yard craft and military launches.*—The number of yard craft in Bombay is 10, which is excessive and should be reduced. We have reviewed the use made of the 24 military launches and it has been agreed that 6, or possibly 7, of these launches can be dispensed with, and a saving of at least Rs. 60,000 per annum effected.

8. *River Steamers.*—The two river steamers "Bhamo" and "Sladen" are being replaced by two vessels which the Government of Burma has purchased from Iraq and a saving of Rs. 1,70,000 is anticipated for 1923-24.

9. The expenditure in India is subdivided under main heads as shewn below and it will be convenient to deal with each head seriatim :—

Head.	1913-14. Accounts.	1921-22, Revised Estimate.	1922-23, Budget Estimate.
	Rs.	Rs.	Rs.
General supervision and accounts	2,04,000	4,03,000	4,20,000
Marine Survey	58,000	96,000	1,08,000
Miscellaneous Shore Establishments	27,000	24,000	73 000
Dockyards	7,16,000	18,66,000	17,27,000
Salaries and Allowances of Officers and men afloat.	8,23,000	18,69,000	20,99,000
Victualling of Officers and men afloat	3,24,000	8,58,000	7,57,000
Marine Stores and Coal for Royal Indian Marine vessels	12,86,000	27,71,000	28,15,000
Purchase and hire of ships and vessels	5,000	9,000	9,000
Miscellaneous	3,12,000	11,68,000	5,86,000
Pensions	81,000	1,00,000	1,50,000
Total Expenditure	38,36,000	91,64,000	87,44,000
Less Receipts in India	13,43,000	46,67,000	20,23,000
Total net Expenditure in India	24,93,000	44,97,000	67,21,000

10. *General Supervision and Accounts, Rs. 4,20,000.*—The large increase in the expenditure under this heading compared with 1913-14 is mainly due to the expansion of the Accounts section consequent upon the growth of Dockyard work. The cost of this section has risen from Rs. 88,000 in 1913-14 to Rs. 2,48,000 required for 1922-23, but the percentage cost of the accounting staff to the total expenditure dealt with has decreased from 1·08 per cent. to ·92 per cent. so that the additional staff employed was apparently fully justified. The work in the Dockyards has recently fallen off about 15 per cent. and a *pro-rata* reduction should therefore be immediately possible in the Accounts section and a further reduction when our recommendations regarding the Dockyards take effect.

We ascertained that, although roughly 25 per cent. of the cost of Supervision and Accounts is incurred in connection with the Dockyards, it has not been the practice to make a full charge for these services in the case of works carried out for the Royal Navy, Local Governments or outside bodies. Recently however it was decided that an appropriate share of all indirect charges should be added to the cost of work executed in the Dockyard and recoveries to the extent of Rs. 2,00,000 are anticipated for the current year. In view of the proposed reductions in the activities of the Royal Indian Marine we consider there will be no justification for retaining the post of Deputy Director and we recommend this appointment be abolished and that the house now being built for the Deputy Director in the Dockyard at a cost of over Rs. 1 lakh should be occupied by the Director of the Royal Indian Marine for whom a house is now rented, the provision made for 1922-23 being Rs. 12,000.

It has been represented to us that considerable difficulty has been experienced by the frequent changing of the Controller of Marine Accounts. We suggest that, if possible, an officer should be retained permanently in the appointment.

We recommend that the provision for General Supervision and Accounts in 1923-24 should be limited to Rs. 3,50,000, of which Rs. 2,00,000 should be recovered from the Royal Navy and other bodies, in connection with work carried out in the Dockyard.

11. *Marine Survey, Rs. 1,08,000.*—The expenditure included under this head represents only the pay of Scientific Officers, Surveyors and Assistant

Surveyors and their office establishment. The total cost of maintenance of the two survey ships is estimated at Rs. 7,54,000 for 1922-23 (*vide* Appendix A). We ascertained that the complements of the two marine survey vessels have been increased as follows :—

	Gross Tonnage.	1913-14 Complement.	1922-23 Complement.
"Investigator" . . .	1,185	109	118
"Palinurus" . . .	444	46	54

The additional ratings comprise 12 Signalmen, 2 Sick berth and dispensary attendants, 2 Engine drivers temporarily employed, and 1 Bhandary. We discussed the necessity for employing these additional ratings with the Director, who stated that he hoped to be able to effect a reduction in the number of signallers and in the complements of all Marine vessels for 1923-24.

A considerable portion of the cost of marine survey work has in recent years been recovered from Port Trusts, Local Governments and the Anglo-Persian Oil Company, but we ascertained that no charge has been included for interest on capital, depreciation and pension charges and we recommend that in future the charges made should cover the full cost involved.

Survey work is an essential function of the Royal Indian Marine and apart from minor economies resulting from a curtailment of the complements of the survey vessels we make no recommendation.

12. *Miscellaneous shore establishments, Rs. 73,000.*—The expenditure on miscellaneous shore establishments is subdivided as follows :—

	1913-14.	1922-23.
	Rs.	Rs.
Perim Light House	9,000	10,000
Coal Depôts in Persian Gulf	16,000	60,000
Miscellaneous	2,000	3,000
TOTAL .	27,000	73,000

We recommend that the cost of working the Perim Lighthouse should be recovered by light dues, saving Rs. 10,000.

The expenditure under "Coal Depôts in the Persian Gulf" is mainly in connection with India's liability for the supply, free of charge, of coal to subsidised vessels of the Royal Navy employed in the Persian Gulf. The large increase since 1913-14 is due to the retention of the Coal Depôt at Henjam which was opened during the war to supply coal to Government transports plying between India and Mesopotamia. Prior to the war, coal was kept only at Bushire, Muscat and Basrah, and we are of opinion that, unless it can be shown that the retention of Henjam, which we understand is situated in a very advantageous position, can be justified financially, it should be dispensed with. We are informed however that, even if Henjam is retained, a saving of Rs. 32,000 will be effected for 1923-24 by the employment of an outside contractor.

We recommend that the total provision for miscellaneous shore establishment in 1923-24 should be limited to Rs. 31,000, a reduction of Rs. 42,000.

13. *Dockyards.*—Since 1913-14 the Kidderpore Dockyard has been closed down as a Government concern, but Rs. 25,000 was provided in 1922-23 for a care and maintenance party to look after the buildings and machinery until they are taken over by the Calcutta Port Trust or otherwise disposed of. We understand that no provision will be required for 1923-24 and there will therefore be an automatic saving of Rs. 25,000.

The expenditure incurred at Dockyards chargeable to the Royal Indian Marine is subdivided as follows :—

——	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
(*a*) Administrative and supervising staff . .	2,99,000	3,30,000	4,89,000
(*b*) Wages of Artificers and Labourers . .	4,09,000	15,04,000	10,63,000
(*c*) Miscellaneous expenditure . .	8,000	32,000	1,75,000

Hitherto no commercial accounts of the working of the Dockyards have been kept and it is not therefore possible to ascertain whether the Dockyards are being economically worked or otherwise. We are informed however that a new system of accounts on a commercial basis has been introduced for the current year.

(*a*) *Administrative and Supervising Staff.*—We understand that, apart from the general increase in salaries and wages, the increased expenditure compared with 1913-14 is due to the employment of additional staff consequent upon the increase of work at the Dockyard. We are informed that a number of foremen and inspectors have been obtained from the Admiralty Dockyards in England on a three years' contract with a view to increasing efficiency and that the additional supervision provided has already enabled a considerable reduction to be effected in the cost of labour. Ultimately it is proposed that these men shall be replaced by Indian mechanics, when sufficiently experienced to take charge, but no immediate reduction can be effected.

(*b*) *Wages of Artificers and Labourers.*—There will be a large saving in the cost of wages chargeable against the Marine Service in 1923-24, owing to the reduction in the number of vessels to be maintained but we have already taken credit for these savings.

(*c*) *Miscellaneous expenditure.*—The provision for 1922-23 included Rs. 1,15,000 for underground mains for electric power and as this expenditure is non-recurring a reduction of Rs. 1,15,000 may be anticipated for 1923-24.

When the three troopships the "Hardinge," the "Northbrook" and the "Dufferin" and the stationship "Minto" have been disposed of and the number of launches reduced, there will only remain about 8 small vessels and 18 launches apart from yard craft to be docked and overhauled in the Bombay Dockyard in addition to the overhauls to be done to His Majesty's ships on the East India Station. There are several other dry docks in Bombay which could be utilized and a number of up-to-date marine workshops which could be made use of in the event of some vessel having to be repaired urgently. It is self-evident, therefore, that there is no occasion to maintain in the dockyard the present large establishment which is as follows :—

——	Europeans.		Indians.		Total.	
	No.	Monthly cost.	No.	Monthly cost.	No.	Monthly cost.
		Rs.		Rs.		Rs.
Permanent establishment	54	43,120	128	17,370	182	60,490
Temporary establishment	2	1,050	453	24,937	455	25,587
Artificers on daily rates of pay . . .	14	1,272	3,694	1,41,150	3,708	1,42,422
Total .	70	45,042	4,275	1,83,457	4,345	2,29,499

We are of opinion that a drastic reduction should be made and only sufficient personnel maintained to provide for current work and to leave the dockyard capable of expansion in an emergency.

14. *Salaries and allowances of officers and men afloat*—

	Rs.
1913-14, Actual Expenditure . . .	8,23,000
1921-22, Revised Estimate	18,69,000
1922-23, Budget Estimate	20,99,000

A reduction of Rs. 5,43,947 will automatically be effected under this heading in 1923-24 by the sale of the three troopships and further savings by the abolition of other vessels. Apart from these savings, the Director of the Royal Indian Marine anticipates that it will be possible to effect a reduction in the complements of marine vessels and we consider that a saving of additional Rs. 50,000 should be possible for 1923-24.

We are informed that it was represented by the Director of the Royal Indian Marine, when the budget for 1922-23 was being proposed, that the rates of pay and allowances of Indian ratings compared unfavourably with those paid by the Mercantile marine and that, in consequence, difficulty was being experienced in securing and retaining a suitable class of men. The pay of Mercantile marine ratings has however been reduced recently and a similar reduction should therefore be possible in the case of Royal Indian Marine ratings.

15. *Victualling of officers and men afloat, Rs. 7,57,000.*—Apart from the saving which will accrue under this heading in 1923-24 by the reduction in the number of Marine vessels, some saving should be possible in the cost of rations, owing to the fall in prices which has taken place, and we consider that an additional saving of at least Rs. 30,000 should be possible.

16. *Marine stores and coal for Royal Indian Marine vessels.*—The provision under this heading for 1922-23 included Rs. 2 lakhs for the payment of the arrear claims. A saving of Rs. 85,000 is also anticipated on the cost of marine stores owing to the fall in prices. It is admitted that, until recently, the arrangements for the purchase, issue and control of stores were unsatisfactory and that there was a large accumulation of certain classes of oil and cordage. There was no properly trained store officer in charge or any system of verification of stocks, and indents were based on the average of the three previous years without regard to the stock on hand. We refer to this matter later in dealing with imported stores.

With regard to coal we are informed that the budget provision was based upon the amount to be purchased, which was considerably less than the amount actually consumed, the difference representing a reduction in stocks. Full credit for the coal consumed by the troopships, etc, which it is proposed to dispense with, has been taken in estimating the savings in respect of these vessels, and some allowance must therefore be made for depletion of stocks.

17. *Miscellaneous, Rs. 5,86,000*—

The analysis of this expenditure is as follows :—

——	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
Medical Stores	3,000	9,000	3,000
Piloting and towing	32,000	74,000	54,000
Passage and conveyance	31,000	62,000	1,06,000
Repairs to Royal Indian Marine vessels at outstations	16,000	86,000	1,09,000
Miscellaneous	10,000	1,99,000	2,64,000
Freight	14,000	50,000	50,000
TOTAL	1,06,000	4,82,000	5,86,000

We discussed in detail the expenditure under this heading with the Director of the Royal Indian Marine who stated that the large increase in the expenditure on repairs to Royal Indian Marine vessels at outstations was due to reconditioning the troopers after the war and that a considerable saving might be anticipated for 1923-24. The expenditure under "Miscellaneous" had been largely overestimated and the actual expenditure in the first six months only amounted to Rs. 27,000. We recommend, therefore, that the total provision for miscellaneous expenditure be reduced from Rs. 5,86,000 to Rs. 3,00,000, a saving of Rs. 2,86,000.

18. *Receipts in India*—

	Rs.
1913-14, Actual Receipts	13,43,000
1921-22, Revised Estimate	46,67,000
1922-23, Budget Estimate	20,23,000

The receipts under this head may be sub-divided as follows :—

—	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
Recoveries from His Majesty's Government and from other Departments in India in connection with the work carried out at the dockyards, etc. . .	9,76,000	13,94,000	9,96,000
Hire of vessels . . .	2,46,000	27,74,000	3,18,000
Sale-proceeds of stores . . .	58,000	4,00,000	4,00,000
Miscellaneous . . .	41,000	79,000	2,87,000
Recoveries on account of Indian service family pensions . .	22,000	20,000	22,000
TOTAL .	13,43,000	46,67,000	20,23,000

It was represented to us that it was difficult to frame any reliable estimate of the work which the Admiralty require to be carried out at Bombay Dockyard. The class of ships stationed in the East Indies varies from time to time and, whereas the Admiralty furnished a statement of the ships which will refit in the ensuing year, it is not possible to estimate beforehand what repairs and alterations will be required. All expenditure incurred is recoverable, and, as the staff employed at the dockyards is regulated to meet the current requirements, any reduction in receipts will be offset by decreased expenditure. The receipts from the hire of vessels relate to troopships and the loss of these receipts in 1923-24, which will result from the disposal of the three troopships, has already been taken into consideration. The miscellaneous receipts comprise recoveries from the supply of coal in the Persian Gulf to vessels of the Royal Navy other than the subsidised ships.

Expenditure in England.

	£	Rs. £1=Rs. 15.
1913-14, Actual Expenditure .	257,100	38,56,500
1921-22, Revised Estimate . .	392,900	58,93,500
1922-23, Budget Estimate . .	465,200	69,78,000

19. This expenditure is subdivided under main heads as shewn below :—

—	1913-14.	1921-22.	1922-23.
	£	£	£
Contribution towards expenses of Imperial Navy . . .	100,000	100,000	100,000
Royal Indian Marine furlough pay	10,000	30,000	30,000
Stores for India	117,700	216,000	194,400
Coal supplied to subsidised vessels and the Royal Navy in the Persian Gulf . . .	...	...	46,600
Purchase of vessels . . .	...	...	51,000
Sundry items	1,700	3,000	2,500
Pensions	27,700	43,900	40,700
TOTAL .	257,100	392,900	465,200

The first two items in the above table are not susceptible of reduction, except in so far as the furlough pay will be reduced by the reduction in the number of officers employed in the Royal Indian Marine. With regard to stores we are informed that, owing to the existence of large stocks, the expenditure for the current year has been restricted to £72,500. Particulars of the stocks of principal commodities on hand on the 1st April 1922 and the normal consumption per annum are given in Appendix B. We understand that until recently it has been the practice to maintain 3 years' reserve stock and, that it has been decided that in future only 2 years' supply of imported stores should be kept in reserve. The total value of imported and Indian stores on hand on March 31st, 1922, was Rs. 75,11,000, and of the issues during 1921-22, Rs. 39,52,000. We consider that the reserve should be restricted to one year's requirements and we recommend that the provision for 1923-24 be limited to £75,000, a reduction of £119,000.

Coal supply to subsidized vessels of the Royal Navy and the Persian Gulf.—Although £46,600 were provided under this heading for 1922-23, the expenditure is now estimated at only £18,000. No restriction exists as to the amount of coal to be supplied free to Royal Navy subsidized vessels, the arrangement being that ships enter the Gulf with full bunkers at Admiralty expense and leave the Gulf with bunkers full at Indian Government expense It appears, however, that the estimate for 1922-23 was framed on a basis far in excess of the actual consumption during recent years and also pre-war years, and we recommend that the estimate for 1923-24 be limited to £25,000, a reduction of £21,600.

Purchase of vessels, £51,000.—The expenditure under this heading was for the purchase of a new station ship for Aden in replacement of the "Dalhousie" which has become unserviceable. No similar provision will be required for 1923-24.

Sundry items and pensions.—The expenditure under these headings does not call for any special comment and we make no recommendation.

CONCLUSIONS.

Having reviewed the expenditure of the Royal Indian Marine we recommend that:

(1) the Service be drastically curtailed and reorganised on the lines suggested;

(2) the Dockyard be worked as a separate entity on a commercial basis;

(3) the three troopships, "Dufferin," "Hardinge" and "Northbrook" be laid up forthwith and placed under care and maintenance parties until sold;

(4) only such vessels as are necessary for the essential duties of the Royal Indian Marine and for use as training ships for Indians be retained;

(5) the "Dalhousie," "Minto," "Nearchus," one patrol boat and four trawlers be dispensed with immediately and the number of military launches and Bombay yard craft be reduced;

(6) the cost of maintaining the "Lawrence" be transferred to the Political estimates;

(7) the recoveries from Port Trusts, etc., for Marine Survey work include a charge for interest on capital, depreciation and pension allowances;

(8) the budget estimate for 1923-24 be limited to Rs. 62 lakhs, a reduction of Rs. 75 lakhs, including Rs. 4,62,000 transferred to the Political Estimates, the actual saving thus being Rs. 70,38,000.

APPENDIX A.

Name of vessel.	Gross tonnage.	Complement. Officers.	Warrant Officer.	Indian Ratings.	Functions of vessel.	Estimated annual cost of maintenance including interest on capital and depreciation.
						Rs.
Dufferin	8,260	19	9	254	Troopship	13,77,958
Hardinge	6,350	19	9	254	,,	15,39,601
Northbrook	6,100	18	8	242	,,	13,93,795
Clive	2,100	7	6	113	Station Ship, Rangoon	6,81,408
Minto	1,152	10	4	95	,, ,, Port Blair	3,38,556
Cornwallis	1,486	8	4	120	,, ,, Aden	6,50.000
Investigator	1,185	2	6	110	Survey Ship	5,31,132
Palinarus	444	1	1	52	,, ,,	2,23,116
Nearchus	925	5	6	63	Light house tender, Persian Gulf.	4,86,132
Lawrence	1,259	6	7	92	Despatch vessel, Persian Gulf	7,15,488
Elphinstone	1,486	8	4	120	Training ship and relief station ship.	6,56,563
Dalhousie	2,195	9	4	110	Receiving ship, Bombay	1,30,000
Sladen	270	3	3	61	River Boat, Burma	...
Bhamo	172	2	4	41	,, ,, ,,	...
Baluchi, Patrol Craft 55	605	...	...	64	Patrol vessel	...
Pathan, Patrol Craft 69	605				,, ,,	...
9 Trawlers	...	...	...	20		
24 Military launches	...	...	4	296		
10 Yardcraft, Bombay	...	...	...	243		
3 Yardcraft, Calcutta	...	1	1	61		

Details of cost of troopships.

	Troopship. Dufferin.	Hardinge.	Northbrook.
	Rs.	Rs.	Rs.
Pay and allowances of Officers and Men	1,80,613	1,86,594	1,75,840
Rations	87,588	93,296	89,758
Stores	52,301	66,417	61,077
Repairs	3,00,000	3,00,000	2,36,000
Coal, oil and water	4,15,204	5,77,874	5,32,809
Miscellaneous	10,000	11,000	7,788
Pension charges	37,120	37,120	35,470
Interest at 5 per cent. per annum	1,63,967	1,48,500	1,41,696
Depreciation at 4 per cent.	1,31,165	1,18,200	1,13,357
Total	13,77,958	15,39,601	13,93,795

APPENDIX B.

Stocks and consumption of ordinary Home stores (principal commodities only).

Articles.	Stocks on hand 1st April 1921.	Stock on hand 1st April 1922.	Normal consumption per year based on figures for 1921-22.
Canvas, Royal Navy, etc. yards	386,421	318,277	128,000
Compositions for ships' bottoms, etc. (including paints). cwt.	3,456	5,464	3,000
Metals—			
Plates steel boiler cwt.	8,761	8,080	1,000
,, ,, ships no.	5,147	5,598	500
Tubes, brass seamless feet	70,009	67,828	4,000
,, ,, for surface condensers ,,	122,517	120,426	2,100
Tubes, copper ,,	90,954	76,645	15,400
,, steel ,,	164,057	126,269	64,500
Naval brass bolts staves cwt.	1,390	1,160	200
Cordage barred fathoms	237,573	257,093	23,000

MILITARY WORKS.

The estimate for 1922-23 compares with the actual expenditure in 1913-14 and the revised estimate for 1921-22 as follows :—

	Net Expenditure.
	Rs.
1913-14, Actual Expenditure . . .	1,33,06,000
1921-22, Revised Estimate . . .	5,14,07,000
1922-23, Budget Estimate . . .	4,54,97,000

2. This expenditure may be subdivided as follows :—

Head of Expenditure.	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
New buildings and works .	54,40,000	2,61,45,000	2,08,80,000
Repairs . . .	46,22,000	93,83,000	93,47,000
Miscellaneous . . .	9,01 000	77,22,000	82,03,000
Establishment . . .	31,60,000	86,44,000	80,05,000
Tools and Plant . .	1,31,000	3,91,000	3,50,000
Special Defences . . .	2,45,000	...	..
Total Expenditure .	1,44,55,000	5,22,85,000	4,67,85,000
Add for exchange* at Rs. 15= £1	...	6,52,000	2,42,000
Deduct—Recoveries . .	11,49,000	15,30,000	15,30,000
Net expenditure .	1,33,06,000	5,14,07,000	4,54,97,000

* Expenditure in England included in the above statement has been taken at Rs. 10=£1. We have not been able to obtain information showing how this expenditure is distributed over the various headings and it has therefore been necessary to make a lump addition representing the difference between the rupee equivalent of the sterling expenditure at Rs. 10=£1 and at Rs. 15=£1.

We deal with the expenditure under the above headings seriatim :—

New buildings and works.

	Rs.
1913-14, Actual Expenditure . . .	54,40,000
1921-22, Revised Estimate	2,61,45,000
1922-23, Budget Estimate	2,08,80,000

The grant of Rs. 2,08,80,000 for 1922-23 was distributed as follows :—

	Rs.
New works	41,58,000
Works in progress	83,52,000
Special grant for Waziristan	40,00,000
Reserve for unforeseen requirements . . .	22,70,000
Buildings and works costing up to Rs. 10,000 to be allotted by General Officers Commanding, Commands . .	21,00,000
Total .	2,08,80,000

3. *New works and works in progress.*—We have been supplied with the following list of Major Works said to be needed to complete the constructional programme of the Army :—

Description of works.	Estimated cost of proposals.	Sanctioned by the Government of India.
	Rs.	Rs.
New cantonments	2,12,00,000	32,00,000
Officers' quarters	1,12,00,000	...
Accommodation for British troops	2,99,00,000	2,99,00,000
Accommodation for Indian troops	4,50,00,000	4,50,00,000
Offices for Northern and Western Commands	76,00,000	...
Offices and quarters for clerks	62,00,000	...
Hospitals for British troops	1,45,00,000	...
Hospitals for Indian troops	1,79,00,000	...
Royal Air Force	61,00,000	61,00,000
Ordnance factories and depôts	3,16,00,000	...
Training and educational	1,70,00,000	...
Water supplies	1,60,00,000	...
Drainage and sanitation	48,00,000	...
Electrical installations	1,51,00,000	...
Roads in cantonments	17,00,000	...
Frontier roads	3,84,00,000	...
Railways	75,00,000	...
Various auxiliary and other services and miscellaneous	3,83,00,000	88,00,000
TOTAL	33,00,00,000	9,30,00,000

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We are informed that the above list is based upon information collected about a year ago, that many of the projects included in it have not yet been carefully investigated, and that there is no doubt that in certain cases reductions could be made. We have not examined the individual items in detail as we are strongly of the opinion that, in the present financial situation, the execution of a programme of this magnitude is wholly out of the question. Moreover conditions are changing and we think that it serves no useful purpose to lay down in advance a programme which there can be no expectation of carrying out in any reasonable period.

We understand that when the full amount of the allotment authorised for a particular work is not required for the purpose, it is the practice to obtain sanction from the Finance Department for the reappropriation of the funds for other works for which no provision had been made in the budget. Provided the Government has sanctioned a large programme of works and financial conditions admit of this programme being carried out, this may be a suitable arrangement. We are of opinion, however, that the reappropriation of funds should be limited to works included in the sanctioned programme and that the Finance Department should consider carefully in each case before sanctioning reappropriation whether the surrender of savings is justified by the financial situation.

4. The largest item in the programme is that of Rs. 4½ crores for accommodation for Indian troops and followers, including Rs. 4 crores for the reconstruction and improvement of lines for Indian troops. Formerly Indian troops constructed and maintained their own lines, regiments receiving an annual hutting grant for the purpose. All these lines fell into a state of disrepair during the war, and it was decided that they should be taken over by Government and reconstructed. This process of reconstruction is proceeding, but there still remains a large number of lines requiring reconstruction, many of which are in a very unsatisfactory condition. We are informed that the figure of Rs. 4 crores mentioned above does not cover the complete

cost of this measure, and have been supplied with the following figures showing the programme to which it is desired to work :—

	Rs.	Rs.
Expenditure to end of 1922-23 . .	...	1,71,00,000
Balance required to complete lines in hand	72,00,000	
Expenditure necessary on lines requiring urgent reconstruction . .	2,53,00,000	
„ reconstruction within 5 years .	1,59,00,000	
„ „ „ 10 years .	1,40,00,000	
		6,24,00,000
Improvements and supplementary items, such as schools, offices, etc., excluded from preceding estimates		1,70,00,000
		9,65,00,000

We are of opinion that, in view of the enormous outlay involved, the whole arrangements for accommodating both British and Indian troops should be reviewed, and that it should be considered whether it will be possible in some cases to accommodate the troops in existing barracks, some of which will fall vacant if our recommendation regarding a reduction of troops is accepted, and in other cases whether the old system should not be reverted to, until the future distribution of the army and strength of units have been definitely decided.

5. We have examined in detail the constructional programme for 1922-23 and have ascertained that, if no further new works are commenced and if works in progress are stopped or postponed wherever this can be done without sacrificing the value of the works already completed or without involving payment of compensation to contractors or loss of stores, the total expenditure on works in 1923-24 could be limited to approximately Rs. 40 lakhs. We recommend that the whole programme of Military Works requirements be examined and curtailed on the basis that the total provision for new works and works in progress, apart from the requirements of the Royal Air Force and any special measures rendered necessary by the military situation, should be reduced by Rs. 20,00,000.

6. *Reserve for unforeseen requirements, Rs. 22,70,000.*—This reserve is mainly distributed to Commands, to provide funds for completing small major works in progress from the preceding year, and for financing small new major works the need for which cannot be foreseen, Commands being given a free hand in the utilisation of these funds. We consider that, in present financial conditions, no major works should be embarked on without examination at headquarters, and we recommend that the annual provision should be reduced to Rs. 16,00,000, a saving of Rs. 6,70,000.

7. *Reserve for buildings and works costing up to Rs. 10,000—Rs. 21,00,000.*—This reserve is similarly distributed for the most part to Commands, and we recommend that the amount of this grant should be limited to Rs. 16,00,000, a saving of Rs. 5 lakhs.

Repairs.

	Rs.
1913-14, Actual Expenditure . . .	46,22,000
1921-22, Revised Estimate	93,83,000
1922-23, Budget Estimate	93,47,000.

8. Owing to a change in classification the figures for the three years cited are not strictly comparable. The provision of Rs. 93,47,000 in 1922-23 was distributed as follows :—

	Rs.
Buildings	64,47,000
Roads in cantonments	11,00,000
Roads outside cantonments (mainly frontier roads) . .	18,00,000
Total .	93,47,000

9. *Repairs to Buildings.*—It is doubtful whether any large saving is possible in respect of the expenditure on the repairs of existing buildings, but if the recommendations which we have made elsewhere are adopted there should be a material reduction in the accommodation required for troops and stores. It has also been brought to our notice that many vacant buildings are maintained. We recommend that the possibility be explored of effecting economies in new construction by the utilisation of such buildings for military purposes and that steps should be taken to dispose of all buildings which cannot be so utilised. Some reduction under this head should also be possible as a result of the fall in prices of materials and we recommend that the provision should be limited to Rs. 55,00,000, saving Rs. 9,47,000.

10. *Repairs to roads.*—We are informed that the question of retransferring certain frontier roads to the civil authorities is under discussion, and we are of the opinion that the decision under this head should be expedited. If our recommendation with regard to the construction of a light railway from Hindubagh to Fort Sandeman be adopted, there should be a considerable saving in the expenditure on the Harnai-Loralai road. We therefore consider that the total provision for roads should be reduced to Rs. 27 lakhs, saving Rs. 2 lakhs.

MISCELLANEOUS.

	Rs.
1913-14, Actual Expenditure	9,01,000
1921-22, Revised Estimate	77,22,000
1922-23, Budget Estimate	82,03,000

11. The items included under this head are the following:—

	Rs.
Maintenance and working expenses of water-supply	24,66,000
Maintenance and working expenses for electrical installations	18,49,000
Maintenance and working expenses for ice plants	2,60,000
Furniture purchased and repairs	13,81,000
Reserve for miscellaneous obligatory charges	5,34,000
Care of vacant buildings	1,97,000
Rents	3,21,000
Taxes	2,90,000
Compensation for quarters	2,01,000
Payments for railway sidings, etc.	2,72,000
Miscellaneous	4,32,000
TOTAL	82,03,000

The water-supply and electrical installations and ice plants are of value in maintaining the health of the troops. Particulars of the capital cost of these installations and of their working results in 1921-22 are set out below:—

	Capital cost.	Total annual cost including overhead charges.
	Rs.	Rs.
Water-supply	48,48,000	12,44,804
Electrical installations	86,97,000	10,97,526
Ice plants	8,59,000	2,26,000

We are informed that the total expenditure proposed for 1923-24 on the items included under the head 'Miscellaneous' is Rs. 73,78,000, a saving of Rs. 8,25,000.

ESTABLISHMENTS.

	Rs.
1913-14, Actual Expenditure	31,16,000
1921-22, Revised Estimate	86,44,000
1922-23, Budget Estimate	80,05,000

12. The establishment maintained in 1913-14 and 1922-23 is analysed in the following table :—

—	1913-14.		1922-23.	
	No. of officers on Establishment.	Cost of Establishment.	No. of officers on Establishment.	Cost of Establishment.
		Rs.		Rs.
Director, Military Works . .	7	2,43,715	9	4,72,900
Four Chief Engineers, Commands .	...	...	22	7,96,908
Commanding Royal Engineers, Districts (9 in 1913-14, 8 in 1922-23)	11	3,55,898	20	6,51,106
Executive Establishments . .	127	25,16,387	177	60,84,086
TOTAL .	145	31,16,000	228*	80,05,000

* Including certain civilian Engineers.

The large increase in the number of officers employed and in the cost of establishments appears to be due to two main causes, firstly, the employment of additional officers in order to form a war reserve, and, secondly, the introduction of the four-command system. Under the present system 8 Commanding Royal Engineers and their establishments now cost Rs. 6,51,106 compared with Rs. 3,55,898 for 9 Commanding Royal Engineers in 1913-14. Nevertheless, the superior establishments have increased even more markedly in number and cost from 7 officers costing with their establishments Rs. 2,43,715 to 31 officers costing with their establishments Rs. 12,79,808 at the present time. We cannot find that any substantial measures of decentralization have accompanied this increase. Simultaneously, the proportion borne by the cost of the direction as a whole to the cost of the executive has increased from about 24 per cent. in 1913-14 to 31 per cent. in 1922-23. The total cost of establishment amounts to about 21 per cent. on the expenditure on works. We see no justification for the present number of officers employed and consider that the staff should be progressively reduced approximately to the pre-war cadre, the grant for establishment in 1923-24 being fixed at Rs. 75,05,000, a saving of Rs 5 lakhs and that further savings should be effected thereafter. The Commander-in-Chief is prepared to agree to the establishment being reduced by Rs. 5 lakhs in 1923-24 and by a further Rs. 5 lakhs in 1924-25 provided the improvement in payment of Royal Engineer Officers recommended by the Government of India is agreed to. He states that, unless this is done, it will not be possible to get efficient officers and thereby to reduce establishment.

13. We consider that further economies in establishment and the cost of works could be effected by an extension of the system of giving out new works or extensive repairs on lump sum contracts. We are informed that it is the practice to call for tenders and to give out work on contract, wherever possible, but that lump sum contracts for complete works cannot be made where imported material has to be used, as it is laid down by rule that such material must be obtained, with certain exceptions, through the High Commissioner for India. If this is correct, we recommend that such amendments be made in the rules as may be necessary to give effect to this proposal.

14. We have been informed that, owing to the fact that the funds allotted in a particular year lapse at the end of the year if unspent, there is always a rush of expenditure at the end of the year in order to avoid lapses, and that wasteful expenditure frequently occurs in consequence. We think that some system to obviate this waste should be immediately introduced.

TOOLS AND PLANT.

	Rs.
1913-14, Actual Expenditure . . .	1,31,000
1921-22, Revised Estimate	3,91,000
1922-23, Budget Estimate	3,50,000

15. This expenditure is fixed on a percentage basis and will automatically be reduced as a result of the fall in prices and the proposed restriction in the total expenditure. We recommend that the provision under this head should be limited to Rs. 3,00,000, saving Rs. 50,000.

RECOVERIES.

	Rs.
1913-14, Actuals	11,49,000
1921-22, Revised Estimate	15,30,000
1922-23, Budget Estimate	15,30,000

16. The recoveries expected in 1922-23 may be analysed as follows :—

	Rs.
Rent of Buildings	9,52,700
Recoveries on account of water-supply	2,02,850
Recoveries on account of electric current	1,25,950
Miscellaneous items	2,48,500
	15,30,000

We understand that the rate of interest on capital, adopted in estimating rentals for Military Works quarters, varies according to the date of construction and that this practice has led to numerous anomalies. We recommend that rent should be charged in the case of all new occupants with reference to the present rate of interest, irrespective of the date of construction, but subject to the usual maximum of 10 per cent. of pay, thereby securing some additional revenue.

STORES.

17. The following statement summarises the information supplied to us with regard to the holdings of mobilisation and other stores :—

	Mobilisation Stores.	Ordinary Stores.	
	1921-22, Actuals.	1921-22, Actuals.	1922-23, Estimates.
	Rs.	Rs.	Rs.
Stock at beginning of year	94,30,000	38,63,000	35,41,000
Purchases	11,76,000	57,08,000	43,26,000
TOTAL	1,06,06,000	95,71,000	78,67,000
Issues	15,18,000	58,30,000	46,60,000
Stock sold or otherwise disposed of	3,19,000	2,00,000	99,000
Stock on hand at end of year	87,69,000	35,41,000	31,08,000
TOTAL	1,06,06,000	95,71,000	78,67,000

The above figures do not include stores purchased and charged direct to works. In the light of the information supplied to us, we consider that a reduction of Rs. 10 lakhs should be effected in the total purchases of stores in 1923-24 compared with the expenditure in 1922-23.

CONCLUSIONS.

Having reviewed the expenditure of the Military Works Department we recommend that—

(1) the constructional programme of the Army already sanctioned by the Government of India be reviewed;

(2) reappropriation of funds be prohibited except for works included in the sanctioned programme, when the reappropriation should be subject to the surrender of savings being justified by the financial situation; and

(3) the budget estimate for 1923-24 be limited to Rs. 3,78,05,000 (net), a reduction of Rs. 76,92,000 including Rs. 10,00,000 transferred to the Royal Air Force, or a net saving of Rs. 66,92,000.

MILITARY SERVICES.

General conclusions to Part I.

We cannot conclude our report on the Military services without saying that His Excellency the Commander-in-Chief and the Army Department have displayed a whole-hearted disposition to reduce military expenditure, always bearing in mind the importance of maintaining the efficiency and mobility of the forces for protection against outside aggression and internal disorder, and we desire to extend to them our grateful thanks for the assistance they have rendered.

2. As we stated in our introductory remarks, although the budget estimate for the Military services in 1922-23 was Rs. 67,75,26,000, the full expenditure required during that year would, but for certain fortuitous circumstances, have amounted to Rs. 71,37,82,000. The gross reductions which we have indicated amount to Rs. 13,95,52,000, but additional provisions of Rs. 23,00,000 for practice ammunition, and Rs. 9,75,000 for gratuities to demobilised officers are required for 1923-24. If our recommendations are accepted, and, if they could all be brought into effect at once, the military budget for 1923-24 could be reduced to Rs. 57,75,05,000, but we recognise that it will take some time for the whole of these savings to materialise. The more quickly the reductions of troops are brought about the nearer will the actual expenditure approach this figure. The Finance Department in framing their estimates will require to make an allowance for terminal charges and for the expenditure which must necessarily be incurred during the period required to give full effect to the changes which we recommend. We are not in possession of the data necessary for framing such an estimate.

3. The reduction which we have indicated of Rs. 13,95,52,000 includes approximately Rs. 2¼ crores for reductions in stocks which do not of course represent a recurring saving. These reductions, however, should ultimately lead to a substantial recurring economy by curtailing the establishments engaged on the maintenance of stores, by minimising loss from deterioration, by reducing expenditure on hire of ground and hire or construction of buildings, to say nothing of the loss to India which is involved by the enormous amount of capital at present locked up in stocks. Further we are informed that in the near future there will be large automatic savings by the liquidation of various liabilities arising out of the war ; for example, gratuities to demobilized officers, India's share of which in 1923-24 is estimated at £415,000. We, therefore, believe that the adoption of our recommendations will enable the estimates in subsequent years to be reduced to about Rs. 57 crores irrespective of any savings due to further economies or falling prices.

4. The above suggested reductions have been agreed to generally by the Commander-in-Chief, but in a great administration such as the Army in India, of which he is the responsible head, we recognise that, in working them out and in giving practical effect to them, he may find it desirable to make some minor modifications. There may result greater expenditure under one head and reduced expenditure under another, but, so long as the increase involved is more than counterbalanced by the reduction, we consider that the actual working out of details should be left in his hands.

5. We do not, however, consider that the Government of India should be satisfied with a military budget of Rs. 57 crores, and we recommend that a close watch be kept on the details of military expenditure with the object of bringing about a progressive reduction in the future. Should a further fall in prices take place, we consider that it may be possible, after a few years, to reduce the military budget to a sum not exceeding Rs. 50 crores, although the Commander-in-Chief does not subscribe to this opinion. Even this is more, in our opinion, than the tax-payer in India should be called upon to pay, and, though revenue may increase through a revival of trade, there would, we think, still be no justification for not keeping a strict eye on military expenditure with a view to its further reduction.

CONCLUSIONS.

Having reviewed the expenditure of the Military services, we recommend that–

(1) the total *net* budget for 1923-24 be fixed at Rs. 57,75,00,000, subject to such addition as may be necessary on account of the delay which must ensue in carrying out the proposed changes; and

(2) Military Expenditure after a few years be brought down to a sum not exceeding Rs. 50 crores.

PART II.

RAILWAY EXPENDITURE.

The estimate for 1922-23 compares with the revised estimate for 1921-22 and the actual receipts and expenditure in 1913-14 as follows :—

	Gross receipts.	Gross expenditure.	Net receipts.
	Rs.	Rs.	Rs.
1913-14, Actuals . .	56,44,65,000	49,26,19,000	7,18,46,000
1921-22, Revised Estimate .	82,06,70,000	91,32,12,000	—9,25,42,000
1922-23, Budget Estimate .	99,76,68,000	94,72,09,000	5,04,59,000

Capital Expenditure.

2. *Capital Expended.*—The total capital expended on State-owned railways in India up to the 31st March 1922, including the liability incurred on the purchase of lines, amounted to Rs. 6,45,07,00,000, an increase of Rs. 98,84,00,000 since the 31st March 1914. We have been supplied with the following analysis of the expenditure :—

	State-owned Railways.		Company worked lines.		Total.	
	1913-14.	1921-22.	1913-14.	1921-22.	1913-14.	1921-22.
	Rs. crores.	Rs. crores.	Rs. crores.	Rs. crores.	Rs. crores.	Rs. crores.
Construction of lines and works .	72·88	87·31	130·68	154·60	203·56	241·91
Acquisition of land	2·60	3·41	6·11	7·65	8·71	11·06
Rolling Stock	24·13	35·23	46·72	75·95	70·85	111·18
Ferries	·60	·53	1·96	1·87	2·56	2·40
General charges	4·42	4·98	9·84	10·63	14·26	15·61
Stores not charged off in accounts .	6·58	10·76	11·47	23·82	18·05	34·58
Other items . . .	1·99	2·13	2·12	2·07	4·11	4·20
Liability for purchase of main lines .	43·90	43·90	180·23	180·23	224·13	224·13
Total .	157·11	188·26	389·12	456·81	546·23	645·07
Less capital redeemed . . .	4·42	7·53	17·93	31·54	22·35	39·07
Total capital at charge . . .	152·69	180·73	371·19	425·27	523·88	606·00

The total capital expended is exclusive of the cost of land given free to the railways as no particulars are available of this expenditure. The total capital at charge has increased from Rs. 5,23,88,00,000 on the 31st March 1914 to Rs. 6,06,00,00,000 on the 31st March 1922 an increase of Rs. 82,00,00,000.

3. *Programme of future capital expenditure.*—The Legislative Assembly has authorised the expenditure of a further Rs. 150 crores on the rehabilitation of the railways during the 5 years ending 1926-27. We are informed that this sum has been allocated approximately as follows :—

	1922-23 (Budget).	1923-24.	Future years.
	Rs. crores.	Rs. crores.	Rs. crores.
Improvements to existing lines and works . . .	14·59	14·84	42·54
Additional lines and works . . .	2·05	2·81	...
Additional Rolling Stock . .	12·40	12·35	40·00
Reserve, etc.	·96	...	7·46
Total .	30·00	30·00	90·00

We understand that, although Rs. 30 crores were provided for 1922-23, the actual expenditure is not likely to exceed Rs. 22 crores owing to the delay in obtaining material, etc. We deal later with the proposed capital programme.

Financial Results.

4. *Financial results in 1922-23.*—We have been furnished by the Accountant-General, Railways, with the following analysis of the gross receipts and expenditure:—

—	1913-14, Actuals.	1921-22, Revised estimate.	1922-23, Budget estimate.	1922-33, Revised estimate.
	Rs.	Rs.	Rs,	Rs.
Gross Traffic Receipts	56,30,68,000	81,82,29,000	99,57,26,000	92,07,26,000
Subsidised Companies—Government share of surplus profits, etc.	13,97,000	24,41,000	19,42,000	25,97,000
Total Receipts	56,44,65,000	82,06,70,000	99,76,68,000	92,33,23,000
Working expenses	29,35,02,000	65,82,53,000	67,99,00,000	66,83,85,000
Surplus profits paid to Companies	66,13,000	1,04,09,000	60,00,000	68,07,000
Interest on debt	10,95,47,000	15,33,47,000	16,77,95,000	17,03,62,000
Annuities in purchase of Railways	5,06,94,000	5,03,56,000	5,03,63,000	5,03,63,000
Sinking Fund	28,76,000	43,11,000	45,81,000	46,11,000
Interest on Capital contributed by Companies	2,92,86,000	3,28,76,000	*3,36,10,000	3,32,04,000
Subsidised Companies	7,89,000	7,41,000	19,83,000	10,80,000
Miscellaneous Railway expenditure	—6,88,000	29,19,000	29,77,000	34,50,000
Total Expenditure	49,26,19,000	91,32,12,000	94,72,09,000	93,82,62,000
Net Receipts	7,18,46,000	—9,25,42,000	5,04,59,000	—1,49,39,000

* Increase due to higher rate of interest on renewed debentures.

We are informed that the estimated receipts for 1922-23 are not now likely to be realised. When the estimate was framed it was anticipated that there would be a substantial increase in traffic which in 1921-22 had been adversely affected by prolonged strikes on the Assam Bengal and East Indian Railways. An additional revenue of Rs. 5,40,00,000 was expected from increased freight charges imposed to yield the same revenue as had previously been obtained from the surcharge abolished on the 1st April 1922, and a further revenue of at least Rs. 6,00,00,000 from an enhancement in passenger fares. The total estimated increase in gross receipts for 1922-23 compared with 1921-22 was Rs. 17,75,00,000. Traffic, however, has not developed to the extent anticipated and, although there has been some improvement in the receipts from coaching traffic, the receipts from goods traffic have declined with the result that the latest estimate of gross receipts for 1922-23 is only Rs. 92 crores, a decrease of Rs. 7½ crores compared with the budget estimate. Working expenses for the current year are now estimated at Rs. 66,83,85,000, a decrease of Rs. 1,15,15,000 compared with the budget estimate, and it is probable that, instead of the Central Government receiving a surplus of Rs. 5,04,59,000 in the current year, there will be a deficit of Rs. 1,49,39,000.

5. *Return to State on capital outlay.*—We are of opinion that the country cannot afford to subsidise the railways and that steps should be taken to curtail working expenses as necessary in order to ensure that not only will the railways as a whole be on a self-supporting basis, but that an adequate return should be obtained for the large capital expenditure which has been incurred by the State. We consider that, with economic working, it should be possible for the railways in India to earn sufficient net receipts to yield an average return of at least 5½ per cent. on the total capital at charge. The average return to the State during the 3 years prior to the war was 5 per cent., and, in view of the fact that large amounts of additional capital are being raised at 6 per cent. or over, we think a return of 5½ per cent. cannot be regarded as excessive.

A return of 5½ per cent. on the total capital at charge in 1922-23, after allowing for all interest annuity and sinking fund payments, would yield roughly Rs. 8·5 crores to the Central revenues. We are informed that, in deciding upon the amount of the Central Government's deficit which would have to be made good initially by contributions from the provinces, Lord Meston's Committee assumed that the Central Government would derive a net annual revenue of no less than Rs. 10¾ crores from the Railways. It is evident, therefore, that the failure of the railways to yield an economic return on the capital invested by the State is one of the main factors responsible for the present financial difficulties of the Central Government. A return of 5½ per cent. would not merely go far towards bridging the deficit of the Central Government, but should, with the economies which we

recommend in the case of other Departments, make it possible to give much needed relief to the Provinces by a substantial reduction in the amount of their contributions.

6. *Provision for arrears of maintenance and renewal.*—We recognise, however, that during the period of the war adequate provision was not made for the maintenance and renewals of permanent way and rolling stock, and that, had such provision been made, it would probably have been necessary to increase rates and fares at an earlier date to meet the enhanced costs of labour and materials. In Great Britain a similar state of affairs existed during the period the railways were under control of Government. The taxpayer received the benefit of the excess receipts earned by the railways due to the postponement of repairs and renewals consequent upon the war but eventually the railways were given a lump sum grant to enable them to overtake all arrears. In India also the taxpayer received the benefit of the increased earnings consequent upon the postponement of repairs and renewals, but, as pointed out by the Acworth Committee, no provision has been made to enable these arrears to be overtaken. The provision of Rs. 150 crores to be spent in 5 years on the rehabilitation of the railways does not assist matters. This money can be utilised only for new works or to pay the cost of improvements carried out in connection with renewals, which represents only a small portion of the total cost of such renewals. It cannot be expended on repairs or for overtaking arrears of renewals, the cost of which is borne entirely by the working expenses.

We are informed that the expenditure necessary to overtake arrears of maintenance and renewals on all railways is estimated at Rs. 18 crores, which is equivalent to roughly two years' provision for renewals. In view of the present financial circumstances and the large capital expenditure which is now being incurred on improving the railways, we consider that the overtaking of these arrears might well be postponed on railways not able to earn sufficient receipts to pay interest and sinking fund charges. It has been represented to us that the postponement of expenditure on overtaking arrears will necessitate some reduction in capital expenditure. We revert to this matter in dealing with the capital programme, but, in our opinion, all that is involved is a reallocation of capital expenditure. The real question to be decided is whether, when capital is so urgently required by some railways for remunerative purposes, the country can afford to borrow large sums of money at the present high rates for expenditure on railways which are not only unable to earn 5 per cent. on their present capital but which have to be subsidised by the general taxpayer. We consider that further expenditure on such railways can only be justified if it can be satisfactorily demonstrated that this expenditure will increase the net earnings of the railway sufficiently to cover the additional interest involved.

In this connection we quote, from the Administration Report on Indian Railways in 1921-22, the following remarks relating to expenditure on new construction :—

"It may be argued that Government must take account of the indirect benefits apart from the direct return in the shape of surplus earnings. Doubtless this is true; but Government resources available for direct construction are at present very limited. Money is expensive and only in exceptional cases is it justifiable to raise money at 6 per cent or to give corresponding guarantees to private enterprise for the construction of lines which do not offer some reasonable prospect of a corresponding return."

We are in entire agreement with the principles above stated which are, in our opinion, equally applicable to expenditure on open line works, although they do not appear to have been applied in actual practice.

7. The Acworth Committee observed that the money unspent on maintenance and renewals during the war should have been carried to a reserve to be spent when materials were again available. We entirely agree with this view and are of opinion that it should be laid down that each railway should make adequate provision every year for the maintenance and renewal of its permanent way and rolling stock. The funds so earmarked should be debited to working expenses and carried to a suspense account which could be drawn on as necessary to meet current requirements, any unspent balance being

carried forward from year to year. Unless some such arrangements are adopted and strictly adhered to, it will not, in our opinion, be possible to say whether the railways are earning an adequate return on the capital outlay and there will be no effective check on ordinary working expenditure.

It is necessary, however, to make special provision to overtake the present arrears, as no funds are available in suspense accounts. It is, in our opinion, not practicable to make any general increase in rates and fares without adversely effecting the trade of the country. We consider that the best course will be that each railway should credit a suspense account with a portion of any surplus funds available, after payment of interest and sinking fund charges, for the specific purpose of overtaking arrears of renewals. This provision should, we think, not exceed the average annual amounts which would be necessary to overtake the arrears in five years. The overtaking of arrears on unremunerative railways must necessarily wait until the financial position improves.

8. *Results for individual railways.*—The following statement, compiled at our request by the Accountant-General, Railways, shows for the ten principal railways, with totals for all State railways, the financial results of working in 1913-14 and 1921-22 the latest estimate for 1922-23 and the preliminary estimate for 1923-24 :—

Railways.	Year.	Capital at charge.	Receipts.	Working expenses including surplus profits.	Net receipts.	Percentage of net receipts on Capital.	Interest and Sinking Fund charges.	Surplus or Loss.	
Worked by State.		Rs.	Rs.	Rs.	Rs.		Rs.		Rs.
North Western	1913-14	89,34,67,000	8,69,96,000	4,95,70,000	3,74,26,000	4·2	3,24,04,000		50,22,000
	1921-22	1,06,48,01,000	12,99,15,000	12,79,53,000	19,62,000	0·1	4,25,02,000	*Loss*	4,05,40,000
	1922-23	1,09,23,21,000	14,11,62,000	12,21,20,000	1,90,42,000	1·7	4,44,40,000	*Loss*	2,53,98,000
	1923-24	1,13,01,57,000	14,80,00,000	12,10,45,000	2,69,55,000	2·4	4,66,50,000	*Loss*	1,96,95,000
Oudh and Rohilkhand.	1913-14	27,19,56,000	2,45,75,000	1,20,15,000	1,25,60,000	4·6	89,78,000		35,82,000
	1921-22	29,73,29,000	3,31,34,000	2,58,18,000	73,16,000	2·4	99,73,000	*Loss*	26,57,000
	1922-23	30,54,24,000	3,54,62,000	2,75,40,000	79,22,000	2·5	1,03,94,000	*Loss*	24,72,000
	1923-24	31,76,74,000	3,60,00,000	2,60,06,000	99,94,000	3·1	1,10,19,000	*Loss*	10,25,000
Eastern Bengal	1913-14	35,20,15,000	3,73,92,000	2,05,40,000	1,68,52,000	4·8	1,22,04,000		46,48,000
	1921-22	42,20,33,000	4,42,97,000	3,76,50,000	66,47,000	1·6	1,54,93,000	*Loss*	88,46,000
	1922-23	43,03,22,000	5,32,27,000	4,32,75,000	99,52,000	2·3	1,61,47,000	*Loss*	61,95,000
	1923-24	44,26,20,000	5,40,00,000	4,30,55,000	1,09,45,000	2·5	1,68,17,000	*Loss*	58,72,000
Worked by Companies.									
Bengal-Nagpur	1913-14	38,74,52,000	4,10,31,000	2,01,40,000	2,08,91,000	5·4	1,31,66,000		77,25,000
	1921-22	53,38,36,000	6,67,91,000	5,39,75,000	1,28,16,000	2·4	2,27,54,000	*Loss*	99,38,000
	1922-23	57,46,55,000	7,72,49,000	4,40,95,000	3,31,54,000	5·7	2,53,60,000		77,94,000
	1923-24	61,99,92,000	8,17,42,000	5,03,80,000	3,13,62,000	5·1	2,74,81,000		38,81,000
Great Indian Peninsula.	1913-14	89,12,64,000	8,87,02,000	5,38,41,000	3,48,61,000	3·9	3,47,73,000		88,000
	1921-22	98,86,21,000	13,27,13,000	12,40,32,000	86,81,000	0·9	4,23,10,000	*Loss*	3,36,29,000
	1922-23	1,00,45,96,000	14,82,56,000	11,38,09,000	3,44,47,000	3·4	4,33,87,000	*Loss*	89,40,000
	1923-24	1,04,19,66,000	14,84,44,000	10,91,22,000	3,93,22,000	3·7	4,55,50,000	*Loss*	62,28,000
East Indian	1913-14	80,85,79,000	10,17,11,000	4,31,97,000	5,85,14,000	7·2	3,47,10,000		2,38,04,000
	1921-22	92,54,23,000	13,38,88,000	8,65,60,000	4,73,28,000	5·1	4,36,54,000		36,74,000
	1922-23	94,64,71,000	14,91,88,000	9,92,11,000	4,99,77,000	5·2	4,54,30,000		45,47,000
	1923-24	98,56,82,000	16,95,00,000	10,29,70,000	6,65,30,000	6·7	4,77,54,000		1,87,76,000
Bombay, Baroda and Central India.	1913-14	51,14,80,000	6,58,93,000	3,33,05,000	3,25,88,000	6·3	1,64,68,000		1,61,20,000
	1921-22	58,85,17,000	10,25,32,000	8,14,34,000	2,10,98,000	3·6	1,99,51,000		11,47,000
	1922-23	62,30,17,000	11,76,75,000	8,75,46,000	3,01,29,000	4·8	2,14,79,000		86,50,000
	1923-24	65,54,93,000	11,80,00,000	8,35,38,000	3,44,62,000	5·3	2,35,21,000		1,09,41,000
Madras and Southern Mahratta.	1913-14	45,17,28,000	4,20,71,000	2,54,15,000	1,66,56,000	3·7	1,82,44,000	*Loss*	15,88,000
	1921-22	48,14,15,000	6,56,94,000	5,04,26,000	1,52,68,000	3·2	2,13,71,000	*Loss*	61,03,000
	1922-23	49,47,85,000	7,24,80,000	5,07,54,000	2,17,26,000	4·4	2,20,67,000	*Loss*	3,41,000
	1923-24	51,26,38,000	7,25,19,000	5,74,40,000	1,50,79,000	2·9	2,30,63,000	*Loss*	79,84,000
South Indian	1913-14	19,93,00,000	2,89,70,000	1,69,15,000	1,20,55,000	6·0	64,47,000		56,08,000
	1921-22	23,17,74,000	4,59,65,000	3,42,18,000	1,17,45,000	5·1	87,69,000		29,76,000
	1922-23	25,17,96,000	5,12,75,000	3,71,84,000	1,40,91,000	5·6	97,75,000		43,16,000
	1923-24	26,87,96,000	5,56,10,000	3,79,06,000	1,77,04,000	6·6	1,07,48,000		69,56,000
Burma	1913-14	21,91,64,000	2,45,78,000	1,43,10,000	1,02,68,000	4·7	64,42,000		38,26,000
	1921-22	22,64,67,000	3,51,73,000	2,67,79,000	83,94,000	3·7	71,40,000		12,54,000
	1922-23	23,53,15,000	4,13,95,000	2,69,96,000	1,43,99,000	6·1	75,37,000		68,62,000
	1923-24	24,27,66,000	4,29,20,000	2,83,28,000	1,45,92,000	6·0	80,34,000		65,58,000
Other Railways	1913-14	25,24,42,000	2,11,49,000	1,08,66,000	1,02,83,000	4·0	85,31,000		17,52,000
	1921-22	29,96,99,000	2,68,27,000	1,84,73,000	83,54,000	2·8	1,10,68,000	*Loss*	27,14,000
	1922-23	31,39,72,000	3,26,31,000	2,11,19,000	1,15,12,000	3·6	1,25,24,000	*Loss*	10,12,000
	1923-24	33,17,65,000	3,32,65,000	2,87,21,000	45,44,000	1·4	1,33,79,000	*Loss*	88,35,000
Unallocated Receipts and Expenditure.	1922-23	...	7,26,000	15,43,000	—8,17,000	...	...	*Loss*	8,17,000
	1923-24	6,41,15,000	—42,76,000	—1,34,84,000	92,08,000	14·4	19,55,000		72,53,000
TOTAL*	1913-14	5,23,88,47,000	56,30,68,000	30,01,14,000	26,29,54,000	5·0	19,23,67,000		7,05,87,000
	1921-22	6,05,99,15,000	81,69,27,000	66,73,18,000	14,96,09,000	2·4	24,49,85,000	*Loss*	9,53,76,000
	1922-23	6,27,26,74,000	92,07,26,000	67,51,92,000	24,55,34,000	3·9	25,85,40,000	*Loss*	1,30,06,000
	1923-24	6,61,36,64,000	95,57,24,000	67,50,27,000	28,06,97,000	4·2	27,59,71,000		47,25,000

* These figures exclude subsidised companies and miscellaneous Railway expenditure.

This table shows that the only Railways whose financial results are better in 1922-23 than in 1913-14 are the Bengal Nagpur, the Madras and Southern Mahratta and the Burma Railways. The railways showing the worst results relatively to 1913-14 are the North Western, the Eastern Bengal and the Oudh and Rohilkhand.

9. A summary of the net profit or loss to Central revenues from the individual Railways in 1913-14 and 1922-23 is as follows :—

Railway.	Profit or Loss to Central Revenues.		Increase or decrease.
	1913-14.	1922-23.	
	Rs.	Rs.	Rs.
Worked by State.			
North Western	+50,22,000	−2,53,98,000	−3,04,20,000
Oudh and Rohilkhand	+35,82,000	−24,72,000	−60,54,000
Eastern Bengal	+46,48,000	−61,95,000	−1,08,43,000
Worked by Companies.			
Bengal-Nagpur	+77,25,000	+77,94,000	+69,000
Great Indian Peninsula	+88,000	−89,40,000	−90,28,000
East Indian	+2,38,04,000	+45,47,000	−1,92,57,000
Bombay, Baroda and Central India	+1,61,20,000	+86,50,000	−74,70,000
Madras and Southern Mahratta	−15,88,000	−3,41,000	+12,47,000
South Indian	+56,08,000	+43,16,000	−12,92,000
Burma	+38,26,000	+68,62,000	+30,36,000
Other railways	+17,52,000	−10,12,000	−23,72,000
Unallocated items	...	−8,17,000	−8,17,000
Total	+7,05,87,000	−1,30,06,000	−8,35,93,000

Working Expenses.

10. We now proceed to state what a detailed examination of the position has disclosed and to make our recommendations. We recognise that, in dealing with the working expenses of the railways, it is necessary to proceed on somewhat different lines to those adopted by us in the case of non-commercial departments, since the expenditure required is largely dependent on the volume of traffic handled, and increased expenditure would consequently be justified if necessary to secure additional receipts. Our observations must, therefore, be qualified by the underlying principle that the relation of working expenses to revenue should be so adjusted as to provide for an adequate return on the capital invested.

The budget estimate for working expenses in 1922-23 compares as follows with the revised estimate for 1921-22 and the actual expenditure in 1913-14.

	Rs.
1913-14, Actual Expenditure	29,35,02,000
1921-22, Revised Estimate	65,82,53,000
1922-23, Budget Estimate	67,99,00,000

11. The working expenses of the railways have increased from Rs. 29,35,02,000 in 1913-14 to Rs. 67,99,00,000 required for 1922-23, an increase of 131 per cent. An analysis of the expenditure on the ten principal

railways with totals for all State railways, in 1913-14 and estimated for 1922-23 is as follows :—

—	1913-14, Actuals.	1922-23, Budget estimate.	Percentage increase.
	Rs.	Rs.	
Maintenance of Way, Works and Stations	6,32,02,000	14,59,53,000	131
Locomotive expenses	10,23,68,000	23,07,63,000	125
Carriage and Wagon expenses	2,71,14,000	9,09,12,000	235
Traffic expenses	4,88,57,000	9,64,03,000	97
General charges	2,26,70,000	4,23,11,000	87
Steam boat services	20,41,000	25,94,000	27
Special and Miscellaneous expenditure	1,79,04,000	4,22,02,000	136
Other items	—14,43,000	—4,80,000	...
Total 10 principal railways	28,28,13,000	65,06,58,000	130
Other railways	1,06,89,000	2,92,42,000	173
Total all railways	29,35,02,000	67,99,00,000	131

We now deal seriatim with the expenditure under each of the above heads, details of which are given for the principal railways in Appendix A.

12. *Maintenance of Way, Works and Stations*: *Rs. 14,59,53,000.*—The total route mileage of the 10 principal railways has increased from 23,757 miles on the 31st March 1914 to 24,499 miles on the 31st March 1922. The track mileage has increased during the same period from 32,388 miles to 34,576 miles or by 6·7 per cent.

The following statement shews for the year 1913-14 and estimated for 1922-23 the cost of maintenance and renewal of permanent way per mile of track and the total cost of maintenance of way, works and stations per route mile for some of the principal railways separately and for the 10 principal railways as a whole :—

Railway.	Cost of maintenance and renewal of permanent way per mile of single track open for traffic.			Total cost of maintenance of Way, Works and Stations per route mile open for traffic.		
	1913-14.	1922-23.	Per cent. increase.	1913-14.	1922-23.	Per cent. increase.
	Rs.	Rs.		Rs.	Rs.	
North-Western	925	2,720	194	2,540	6,246	145
Oudh and Rohilkhand	825	3,302	300	1,793	4,803	168
Eastern Bengal	835	1,981	137	2,934	6,331	116
Bengal Nagpur	579	1,538	165	1,670	3,621	117
East Indian	1,043	2,815	169	3,505	8,670	147
Bombay, Baroda and Central India	1,072	1,938	80	2,411	4,684	94
Great Indian Peninsula	1,768	4,357	147	5,039	10,306	104
Average for 10 principal railways	1,035	2,623	154	2,664	5,957	124

We recognise that it is not possible to make any real comparison between the cost of maintenance on the various railway systems owing to the special circumstances of each line, but the figures call for investigation and we are not satisfied that the present scale of expenditure is essential to the efficient and safe working of the lines. It was represented to us by one of the Agents that a considerable portion of the expenditure on his Railway was for renewals which were in his opinion absolutely unnecessary and that 60 miles of line to be renewed in 1923-24 and a similar mileage in 1924-25 could easily be strengthened at about one-third of the cost to last a further 15 or 20 years. On the other hand the Chief Commissioner stated that the renewals were part of a programme framed with a view to avoiding the

necessity of having to renew an unduly large portion of the line in any one year which would mean a large financial outlay and considerable interference with traffic working. We consider that the control exercised by the Railway Board should ensure that adequate financial provision is made for renewals, and that it is not a proper function of the Board to insist on expenditure against the advice of the Manager and Engineer. In the particular instance quoted the additional expenditure involved would be borne by the State out of money raised at over 6 per cent. in order to avoid, 15 or 20 years hence, a possible delay to traffic which in the opinion of those responsible would never arise.

We ascertained that a considerable portion of the increased cost of maintenance of way, works and stations results from the present programme of capital expenditure on improvements to existing lines and works. We recognise that it is essential that revenue should bear its full share of all expenditure on improvements but we think that the present regulations governing the incidence of expenditure between capital and working expenses afford undue relief to capital. For example, in all cases of renewals the whole of the charges on account of freight of materials from depôt to site and for loading and unloading of materials, etc., is debited to revenue. When old girders are replaced and heavier girders substituted the whole cost of re-erection is debited to revenue. The charge to capital for renewals of locomotives is based upon the tractive effort calculated on an empirical formula, which makes no allowance for the additional tractive effort obtained by means of super-heaters.

We recommend therefore that the present regulations be reviewed and revised as may be necessary to ensure a more equitable distribution of the expenditure on maintenance of way and works and on rolling stock.

We are of opinion that in present financial circumstances renewals of permanent way on unremunerative lines should be limited to cases where the track is worn out and not capable of being strengthened to meet probable traffic requirements for a substantial period. The expenditure on the renewal of permanent way, bridges, etc., is charged against programme revenue with which we deal later.

13. *Locomotive Expenses : Rs. 23,07,63,000.*—The main items of expenditure under this head are :—

	Rs.
Fuel	9,23,65,000
Maintenance and Renewal of Locomotives	6,18,91,000
Running expenses	3,83,39,000

14. *Fuel.*—We have been supplied with the following statement showing the total quantity of fuel consumed in 1913-14 and estimated for 1922-23, the average cost per ton and the total cost at engine shed, etc., for all 5′ 6″ gauge and metre gauge railways respectively :—

——	Quantity of Fuel consumed.	Total cost at Engine Shed.	Average cost per ton.	Average consumption per Engine mile.	Total Engine mileage.
	Tons.	Rs.	Rs.	lbs.	Miles.
All 5′ 6″ gauge Railways—					
1913-14	3,773,000	4,09,00,000	10·8	67·5	125,400,000
1922-23	5,175,000	8,62,00,000	16·6	82·0	140,100,000
Per cent. increase	37	110	54	21	12
All Metre Gauge Railways—					
1913-14	785,000	1,05,60,000	13·5	44·4	38,900,000
1922-23	972,000	2,29,92,000	23·7	52·7	40,400,000
Per cent. increase	24	118	76	19	4

We are informed that the average price paid for coal for the 5′ 6″ gauge railways in 1922-23 was greatly increased by the large quantity of coal imported to meet a shortage in Indian supplies due partly to the strike on the East Indian Railway. On the Great Indian Peninsula Railway the cost per ton of imported coal delivered at the engine shed in 1921-22 was Rs. 52·75 per ton compared with Rs. 14·47 per ton for Indian coal. It is not proposed to import any railway coal in 1923-24.

The increase in the price of coal on the metre gauge railways is said to be largely due to the increase in sea freight for coal for the Burma Railways and to the diversion from sea to rail of coal for the South Indian Railway.

An examination of the present arrangements for controlling consumption would, we think, reveal possibilities of effecting economies. For example, we ascertained that it was not the practice on all railways to record the consumption of coal by each engine, although, without such records, there can be no effective check on waste due to losses of coal or excessive consumption by defective engines. The importance of keeping a close check of coal consumption will be realised when it is stated that the increased consumption per engine mile on the 5′ 6″ gauge railways has necessitated the provision of an additional 14·5 lbs. of coal per mile, or a total of 907,000 tons costing at the engine shed Rs. 1,50,00,000 and on the metre gauge railways an additional 8·3 lbs. per mile or a total of 149,000 tons costing Rs. 35,31,000.

We are informed that the increased consumption per engine mile may be attributed to :—

(*a*) Reduction in the proportion of first class coals available.

(*b*) Increased engine hours due to delays to locomotives consequent upon the defective condition of the wagon stock and other causes.

(*c*) Deterioration in the condition of locomotives due to enforced delay in repairs during the war period and after.

(*d*) Increase in the average tractive effort of locomotives.

We understand it would be a difficult matter to form any reliable estimate of the increased consumption due to each of the above causes. The reduction in the proportion of first class coals available for railway purposes may be unavoidable, but we ascertained that no effective steps are taken to ensure that railways, like the North-Western, whose supplies have to be hauled long distances, are provided with first class coal to the maximum extent possible, and that consequently there is considerable waste in haulage and wagon user.

With regard to (*b*) and (*c*) the increased coal consumption consequent upon the defective condition of rolling stock should be a diminishing factor. Large sums are being spent annually on the maintenance and renewal of locomotives and wagons and, in addition, the stock of vehicles has been increased to a greater extent than the volume of traffic handled.

The introduction of more powerful locomotives capable of hauling greater loads would undoubtedly account for a portion of the increase in the average consumption per engine mile. On the other hand, these large modern engines are generally fitted with super-heaters and other improvements which very materially reduce coal consumption, and their use should automatically effect a considerable reduction in the consumption of coal per 1,000 gross ton miles. The following particulars show for some railways the quantity of fuel consumed per 1,000 gross ton miles in 1921-22 compared with 1913-14 :—

Railway.	Fuel consumed per 1,000 gross ton miles worked.	
	1913-14	1921-22
	lbs.	lbs.
North-Western	184	219
Oudh and Rohilkhand	200	240
Bengal Nagpur	185	202
East Indian	140	164
Great Indian Peninsula	222	266

In view of all the circumstances we are of opinion that a considerable reduction in the expenditure on fuel should be possible in 1923-24 and we understand

that it is proposed to reduce the estimate to Rs. 8,68,00,000, by an arbitrary cut of Rs. 1 crore on the demands made by the Agents included in the preliminary estimates for 1923-24.

Our attention was drawn to the fact that, in some cases, long term contracts for the supply of coal had been entered into at high prices, and we consider that it is open to question whether the placing of long term contracts is desirable.

15. *Maintenance and Renewal of Locomotives.*—The total stock of locomotives on the 10 principal railways has increased from 6,787 on the 31st March 1914 to 8,136 on the 31st March 1922, an increase of nearly 20 per cent., whereas the engine mileage during the same period has only increased by 5·2 per cent., and the maximum mileage run in any year subsequent to 1913-14 was only 7·8 per cent. in excess of the mileage for that year, *vide* Appendices B and E. The cost of maintenance and renewals has increased from Rs. 2,07,19,000 to Rs 6,13,91,000 or by nearly 200 per cent. and the average cost of maintenance per locomotive in stock from Rs. 3,053 to Rs. 7,607.

The average cost of repairs and renewals to locomotives on a few typical railways in 1913-14 and estimated for 1922-23 is as follows :—

Railway.	Average cost of repairs and renewals of locomotives.			Average miles run per locomotive.	
	1913-14.	1922-23.	Increase per cent.	1913-14.	1921-22.
	Rs.	Rs.			
North-Western	2,532	8,686	243	20,990	16,041
Oudh and Rohilkhand	2,743	6,753	146	26,120	21,260
Bengal Nagpur	3,608	5,620	56	28,025	23,285
East Indian	2,874	6,905	140	28,410	26,677
Great Indian Peninsula	3,779	9,854	160	23,794	20,412

This table shows that, although the average miles run per locomotive has considerably decreased since 1913-14, the average cost of repairs and renewals per engine in stock has largely increased except on the Bengal Nagpur Railway. We understand a considerable portion of the increased expenditure is due to the replacement of engines. We recognise that, in many cases, existing locomotives are not of the most up-to-date type, but it should, in our opinion, be possible to postpone the renewal of locomotives on many of the railways without adversely affecting traffic.

Particulars are given in Appendix C of the number of engines in use compared with the total stock. From this statement, as also from the mileage figures already given, it is evident that there is a considerable surplus stock which will not be required until traffic develops. Further locomotives are being ordered on capital account and, in addition, the introduction of train control should enable more effective use to be made of the available stock, and, as it is not anticipated that there will be any large development of traffic in 1923-24, we recommend that all renewals of locomotives on unremunerative lines should be postponed.

16. *Running expenses of Locomotives.*—The expenditure under this heading is mainly salaries and wages. From an examination of the figures given in Appendices A, B, and E, it appears that the increase in running expenses on the various railways bears little relation to the increase in engine mileage or traffic handled, as will be gathered from the following figures for the North-Western and Bengal and Nagpur Railways :—

Percentage variation compared with 1913-14.

Railways.	Running expenses, 1922-23.*	Engine mileage, 1921-22.	Freight tonnage conveyed, 1921-22.	Number of passengers conveyed, 1921-22.
North-Western	+106·2	−3·4	−6·2	+20·3
Bengal Nagpur	+104·5	+26·3	+21·7	+28·2

* Particulars for 1921-22 are not available.

These figures show that, although the Bengal Nagpur Railway is carrying a very much larger traffic than in 1913-14 and the North-Western is running less mileage and handling less tonnage, running expenses on the Bengal Nagpur have not increased to the same extent as on the North-Western.

The large increase in shunting miles (see Appendix E) in relation to the total freight train mileage and total engine mileage also appears to require investigation. We are informed that the increased shunting on certain lines is due to the large number of defective wagons but as previously stated this should be a diminishing factor and we are of opinion that considerable saving in shunting should be possible.

We consider that if energetic measures are taken to effect economies in the use of locomotives large reductions can be effected in running expenses in 1923-24.

17. *Carriage and Wagon Expenditure, Rs. 9,09,12,000.*—Of the total expenditure shown under this heading Rs. 7,64,52,000 is for repairs and renewals of vehicles.

The average cost of repairs and renewals per vehicle in 1913-14 and estimated for 1922-23 for some of the principal railways is as follows :—

Railway.	Average cost of repairs and renewals per vehicle in stock.		Per cent. Increase.
	1913-14.	1922-23.	
	Rs.	Rs.	
North-Western	151	474	213
Oudh and Rohilkhand	121	291	142
Eastern Bengal	98	372	280
Bengal Nagpur	123	305	148
East Indian	106	227	114
Great Indian Peninsula	169	555	229
Bombay, Baroda and Central India	121	591	388

Particulars of the stock of coaching and goods vehicles are given in Appendix B and of the traffic conveyed in Appendix D. These statements show that sufficient coaches have not been provided to meet the growing passenger traffic and this may account to some extent for the increased cost of repairs and renewals per vehicle. The present accounts, however, do not separate the expenditure on carriages and wagons, and it is consequently not possible to analyse the causes of the increase.

With regard to goods stock the maximum tonnage conveyed in any year subsequent to 1913-14 was only 8·8 per cent. in excess of the tonnage conveyed in that year whereas the stock of wagons has increased by 21 per cent. Further, large orders have been placed for additional goods vehicles in 1922-23 and additional orders are contemplated for 1923-24 although no great increase in traffic is anticipated. It would appear therefore that no difficulty is likely to be experienced if the renewal of wagons on unremunerative lines is curtailed until financial conditions improve. We deal further with this question under programme revenue expenditure. A considerable reduction in the cost of repairs per vehicle on all railways should result from the fall in prices and railways should be able to overtake arrears of repairs and still effect a reduction in the total expenditure.

18. *Traffic expenses, Rs. 9,64,03,000.*—The expenditure under this heading has increased for ten principal railways from Rs. 4,88,57,000 in 1913-14 to Rs. 9,64,03,000 required for 1922-23, an increase of 97·3 per cent. This expenditure must necessarily depend to a large extent on the volume of traffic handled but, from figures with which we have been supplied, it would appear that the staff employed on many railways has increased to a much greater

extent than is justified by the additional traffic now being carried. It was represented to us that the staff in all train operating departments was considerably increased towards the latter end of the war period and that it was difficult to make sudden reductions in numbers without effecting efficiency. On the other hand the Agent of the Great Indian Peninsula Railway stated that he had made large reductions in staff without experiencing any serious difficulty, and that, in his opinion, increased efficiency had resulted.

We are of opinion that the retention of a large surplus staff inevitably lowers efficiency, and that the staff ought to be reduced to the level necessary to meet current requirements.

19. *General Charges and Steam boat services, Rs. 4,49,05,000.*—The main items of expenditure included under general charges are salaries and wages of management, police and telegraph staff. We are informed that considerable reductions are being effected in the headquarters staff of the Great Indian Peninsula Railway and we consider that the possibility of effecting similar reductions on other railways should be explored. The increase in expenditure under steam boat services is small and does not call for any special comment.

20. *Special and Miscellaneous Expenditure.*—The main items under this heading are contributions to the railway provident funds, which are not susceptible of reduction except by reduced staff, and the expenditure on compensation for goods lost or damaged. In 1913-14 the expenditure on compensation amounted to Rs. 25,79,000 whereas the budget provision in 1922-23 was Rs. 1,16,79,000, an increase of 352 per cent. We are informed that the principal reasons for the increase in compensation are (*a*) increased traffic, (*b*) increase in prices of commodities, (*c*) disturbed economic conditions of the country since the war resulting in higher cost of living combined with unemployment and increased lawlessness, (*d*) shortage of rolling stock resulting in delay in despatch and movement of goods and consequent increased opportunity for depredation, (*e*) defective condition of rolling stock resulting in loss in transhipment and increased damage to consignments requiring protection from weather, (*f*) dislocation of traffic consequent upon strikes and the inadequate general supervision owing to a temporary shortage of officers consequent upon the war.

All these causes are no doubt contributory factors but it will be observed from Appendix A that there are large variations in the percentage increase in expenditure on the different railways. For example, the expenditure on the Eastern Bengal Railway shews a decrease of 41 per cent. whereas on the Bombay, Baroda and Central India Railway the expenditure has increased by no less than 539 per cent.

We are of opinion that an investigation into the methods adopted by the Eastern Bengal Railway to reduce losses might indicate a considerable field for economy and that a general tightening up of control together with falling prices should enable considerable saving to be effected in 1923-24. We are informed that provision for compensation in the preliminary estimate for 1923-24 is Rs. 81,27,000 compared with Rs. 1,04,71,000 the revised estimate for 1922-23. We consider that a still further reduction under this heading should be possible.

21. *Accounts and Statistics.*—We are in entire accord with the views expressed in the Acworth Committee's report in regard to the accounts and statistics compiled on the Indian railways. We are informed that a special Committee has been appointed to investigate the statistical records kept by the railways in Great Britain and America and to submit proposals for introducing a revised schedule of statistics to be compiled by all railways in India on a standard basis. It is anticipated that their report will be available at an early date and we recommend that steps be taken to expedite the introduction of new returns. We also think that, pending the report of the Statistical Committee, steps should be taken to eliminate all records which, in the opinion of the Agents, serve no practical purpose.

With regard to Accounts, we understand that nothing has been done to give effect to the recommendations of the Acworth Committee that the

present form of Accounts should be reported on by experienced railway accountants conversant with modern practice in Great Britain and America. The basis of the present accounts is similar to that which obtained in Great Britain prior to 1913, when the whole system was revised to meet modern requirements. We consider that the matter should be investigated without further delay and in this connection we recommend that a complete summary balance sheet should be prepared and published annually showing the financial results of the railways in India as a whole on the lines of that published by the Ministry of Transport for British railways.

We are informed that the recommendation made by the Indian Railway Accounts Committee in January 1921 that the use of warrants and credit notes for Government traffic should be abolished or drastically curtailed is still under consideration. The Economy Committee on the East Indian Railway has also drawn attention to the desirability of simplifying the method of dealing with charges for Military traffic in order to lighten the work of station staff, and it is evident that the matter is one which calls for immediate attention.

We ascertained that no steps have been taken to give effect to one of the most important recommendations made by the Indian Railway Accounts Committee, *viz.*, that route and rate books should be supplied to each station. It is stated by the Chief Commissioner that " it is possible that the ideal aimed at by the Committee will be difficult to attain as both rates and routes are subject to local conditions and to changes at frequent intervals." The difficulties to which reference is made exist also in America and in England and we are informed by the Auditor General that, in his view and in that of the Railway Accounts Committee, it is quite practicable to prepare rate and route books in India and that the introduction of such books would be a source of economy as it would enable the present elaborate system of traffic audit to be radically simplified. Another important recommendation made by the Accounts Committee was that the receipts on through traffic should be divided on the totals of the monthly abstracts, the division between railways being made on a mileage or decimal basis. This practice obtains on British and American railways and we see no reason why it should not be adopted on Indian railways. The Chief Commissioner has stated that the proposal is dependent upon the introduction of a system of uniform rates on all lines, but we cannot regard this difficulty as insuperable and it must have been well known to the Accounts Committee before they made their report. It is in our opinion desirable that the recommendations made by the Accounts Committee which have not yet been adopted should have the immediate attention of the Financial Adviser whose appointment has been proposed.

22. *Staff.*—We have been supplied with the following summary of the staff employed on the principal railways on the 1st April 1914, 1921 and 1922 :—

Railway.	Administrative and Clerical.			Technical and Industrial.		
	1914.	1921.	1922.	1914.	1921.	1922.
North-Western	4,697	5,172	5,256	83,442	106,715	107,711
Oudh and Rohilkhand	1,905	2,080	2,163	35,541	32,817	39,951
Eastern Bengal	2,496	3,211	3,251	37,283	42,924	45,304
Bengal Nagpur	2,906	4,258	4,832	38,665	54,576	56,796
Great Indian Peninsula	3,543	4,712	4,791	Not available.	117,189	113,600
East Indian	4,723	5,797	5,947	76,550	97,907	99,527
Bombay, Baroda and Central India	3,068	3,910	3,871	44,777	55,548	55,731
Madras and Southern Mahratta	2,859	3,225	3,406	41,307	48,415	48,610
Total	26,197	32,365	33,517	357,565	438,902*	453,630*

* Exclusive of staff on the Great Indian Peninsula Railway.

This table shows that since 1913-14 the total administrative and clerical staff has increased by 7,320 or by 28 per cent., and the technical and industrial staff by 118,460 or 33 per cent., the latter increase being partly due to additional staff being employed for work formerly carried out by contract.

We are of opinion that there can be no justification for the large increase in administrative and clerical staff, and it is generally agreed that considerable reductions can be effected. The Agent of the Great Indian Peninsula Railway stated that as a result of an investigation he is making with a view to effecting economies he anticipated saving Rs. 50 lakhs in 1923-24 by reductions in staff or by economies consequent upon reductions in staff. Other Agents stated they were gradually effecting reductions, but we consider that in present financial circumstances the employment of staff in excess of requirements cannot be justified. We recommend that a further saving of at least Rs 1 crore should be effected in salaries and wages in 1923-24.

Programme Expenditure on Revenue Account.

23. Special provision has been made since 1916-17 for expenditure on renewals as apart from ordinary maintenance. The distinction drawn between ordinary repairs and renewals must, from the nature of the case, be purely arbitrary, since every replacement, however small, is in fact a renewal, and the expenditure on repairs and renewals is so closely inter-related that any real distinction is practically impossible.

The present regulations provide that in the case of rolling stock the expenditure chargeable to Programme Revenue is limited to the renewal of complete units, *i.e.*, a complete locomotive carriage or wagon. Locomotive boilers are also regarded as units for renewal purposes. It is evident that under these regulations a locomotive, carriage or wagon can be completely reconstructed at the cost of repairs provided that all the parts are not renewed at the same time. The life of the various parts of a locomotive varies enormously; the wheels and axles last much longer than the firebox or the cylinders, and, provided that the various components are renewed as required, the life of the engine as a whole is indeterminable. Boilers and other parts are interchangeable within limits and even the type of the engine may be completely altered in the ordinary course of repairs over a series of years.

We are informed that many of the leading locomotive engineers in Great Britain are strongly adverse to fixing any life for locomotives, and that, while it is the practice on many of the railways to make financial provision for renewals on an assumed life basis, it is not the practice to condemn either locomotives, carriages or wagons, merely because they have been in use for a specified period of years.

Similarly, in the case of bridges and permanent way, the life of even the same material varies enormously in different localities and depends upon traffic conditions and many other factors which cannot be readily determined.

24. The underlying principle of a Renewal Fund is to ensure that adequate financial provision is being made for depreciation and this is particularly necessary in the case of railways which are rapidly expanding. In such cases it is obvious that there is a great difference between (*a*) the financial provision which would be made against depreciation and (*b*) the amount which should be spent annually. For example, the number of broad gauge locomotives on the railways in India increased from 5,124 in 1913-14 to 6,261 in 1922-23 an increase of 1,137 engines. Assuming a theoretical life basis of, say, 35 years it would be necessary to make financial provision for the renewal of 32·5 more engines annually than in 1913-14, but it would not be necessary to renew 32 more engines annually merely because the stock had been increased.

25. We are forced to the conclusion that expenditure on repairs and renewals must be considered together, not only to ensure an effective control

on expenditure, but also to allow the railways some latitude in regard to carrying out repairs rather than renewals. In our opinion undue importance is being attached to maintaining a high rate of programme revenue expenditure and there is serious danger that a hard and fast rule may lead to considerable waste by forcing the railways to renew permanent way or rolling stock which with judicious repairs could be made serviceable for many years to come.

As we have mentioned in paragraph 6, the capital programme of Rs. 150 crores for rehabilitation of the railways has been restricted to expenditure on capital improvements of open lines and cannot be utilised for overtaking arrears of repairs and renewals. The utilisation of this capital for the purpose of improving the facilities of the railways necessarily involves increased expenditure on renewals which is charged against working expenses. If, however, the funds available for working expenses are limited and considerable sums are utilised for renewals, it follows that repair work must be curtailed. To give one instance, it was represented to us that the bad conditions of the wagon stock was prejudicially affecting the economic working of the railways, and that, although large sums were being spent on renewals, there were insufficient funds available for the repair of wagon stock.

26. The growth of programme revenue expenditure since 1916-17, when it was decided to separate repairs and renewals, has been as follows :—

	Rs.
1916-17	2,20,22,000
1917-18	1,44,53,000
1918-19	1,99,86,000
1919-20	3,59,43,000
1920-21	5,06,43,000
1921-22	7,62,26,000
1922-23	9,97,48,000
1923-24 proposed	12,50,00,000

We are informed that the small expenditure incurred in past years has been mainly due to the difficulty in obtaining supplies of materials and that there are now considerable arrears of renewals which it is desired to overtake as quickly as possible. We are not satisfied however, that there is any justification for an expenditure of Rs. 12,50,00,000 on renewals.

27. A Committee was recently appointed to investigate the amount of arrears of depreciation on each railway and, although their report is not yet complete, we have been supplied with preliminary figures showing the normal provision which they recommend should be made for renewals on each line and the estimated cost of overtaking arrears. The figures for expenditure which would fall under programme revenue are as follows :—

Railway.	Normal annual depreciation.	Total arrears of depreciation.
	Rs.	Rs.
North-Western	1,96,55,000	3,95,99,000
Oudh and Rohilkhand	48,82,000	1,13,62,000
Eastern Bengal	65,97,000	1,11,24,000
Bengal Nagpur	60,00,000	96,00,000
Great Indian Peninsula	1,02,82,000	2,13,98,000
East Indian	1,70,19,000	2,71,76,000
Bombay, Baroda and Central India	96,60,000	2,15,58,000
Madras and Southern Mahratta	61,29,000	1,61,79,000
South Indian	51,25,000	1,24,76,000
Burma	31,48,000	25,40,000
Other railways	34,21,000	1,27,11,000
TOTAL	9,19,18,000	18,57,23,000

We have been unable to ascertain the basis on which the estimated normal depreciation has been calculated but it is probable that a life basis has been adopted and the figures will therefore represent the financial provision necessary to provide for depreciation and not the actual expenditure required annually which will be considerably less.

Assuming, however, that it is necessary to incur expenditure in 1923-24 up to the full annual provision, the following table shews the amounts which the Chief Commissioner has included in his preliminary budget for 1923-24 in excess of that provision :—

Railway	Proposed programme expenditure.	Normal depreciation.	Excess.
	Rs.	Rs.	Rs.
North-Western . . .	2,67,10,000	1,96,55,000	70,55,000
Oudh and Rohilkhand . .	76,07,000	48,82,000	27,25,000
Eastern Bengal . .	72,20,000	65,97,000	6,23,000
Bengal Nagpur . . .	61,06,000	60,00,000	1,06,000
Great Indian Peninsula .	1,43,64,000	1,02,82,000	40,82,000
East Indian	1,78,13,000	1,70,19,000	7,94,000
Bombay, Baroda and Central India . . .	1,46,65,000	96,60,000	50,05,000
Madras and Southern Mahratta	1,39,99,000	61,29,000	78,70,000
South Indian . . .	80,69,000	51,25,000	29,44,000
Burma	36,36,000	31,48,000	4,88,000
Other railways and unallocated expenditure . . .	48,11,000	34,21,000	13,90,000
TOTAL .	12,50,00,000	9,19,18,000	3,38,82,000

We have already recommended that, in present financial circumstances, expenditure for renewals on unremunerative lines should be limited to normal requirements, see paragraph 6. This would mean that no excess provision on the North-Western, Oudh and Rohilkhand, Eastern Bengal, Great Indian Peninsula and Madras and Southern Mahratta Railways would be granted, saving over Rs. 2¼ crores.

28. The proposed allocation of programme expenditure in 1923-24 is shown in Appendix F, details of the expenditure on rolling stock and way, works and stations being given separately.

Locomotives.—It will be observed that it is proposed in 1923-24 to replace by new engines no less than 405 locomotives in 1923-24, out of a total stock of 8,136, which is equivalent to renewing on a 20 years life basis. We regard this as excessive.

On the North-Western Railway the maximum engine mileage run in any year subsequent to 1913-14—this period including the Afghan War and continuing frontier operations—was only 5·2 per cent. in excess of the mileage run in 1913-14. In 1921-22, the engine mileage run was actually below the 1913-14 level and, as shown in Appendix C, the maximum number of engines in use was only 1,045 or 67 per cent. of the average stock of 1,561 compared with 74 per cent. in 1913-14. It is clear, therefore, that there is a large surplus stock of locomotives on the North-Western Railway and in addition we are informed that the present annual programme provides for a further increase in stock at the rate of 1 per cent. annually. It has been represented to us that the surplus stock is required partly as a margin for repairs and partly to meet mobilisation requirements but, in view of the facts stated, the maintenance of this large reserve of locomotives to meet mobilisation requirements can only be regarded as extravagant.

It is proposed to replace 70 locomotives in 1923-24, but in view of the large stock held it is evident that the replacement of these engines is not essential to

meet traffic requirements. We recommend therefore that no expenditure be incurred on renewals in 1923-24.

The Great Indian Peninsula Railway is proposing to replace 104 locomotives out of a total stock of 1,301, and as in the case of the North-Western Railway there would appear to be no justification for the renewal of such a large number of engines. The stock of locomotives has increased from 1,073 on the 31st March 1914 to 1,301 on the 31st March 1922 or by 21·3 per cent. whereas the maximum mileage run in any year subsequent to 1913-14 was only 10·7 per cent. in excess of the mileage run in that year (see Appendix E). The maximum number of engines in use in any one day in 1921-22 was only 947 and we recommend that the programme for renewals for 1923-24 be limited to actual commitments.

Carriage and wagon stock.—The provision for the renewal of coaching stock does not call for special comment, but with regard to freight stock the expenditure on the North-Western and Madras and Southern Mahratta Railways should, we think, be largely curtailed. The North-Western Railway proposes to renew 1,429 goods stock vehicles in 1923-24 representing renewal on the basis of a 21 years life compared with 34 years on the East Indian and 45 years on the Bengal-Nagpur Railways. The Madras and Southern Mahratta Railway proposes to renew 830 wagons costing Rs. 28,74,000 in 1923-24 representing renewals on the basis of a 15 years life.

Miscellaneous Vehicles.—Of the total proposed provision of Rs. 40,78,000 for miscellaneous vehicles in 1923-24, no less than Rs. 20,36,000 has been allocated to the Madras and Southern Mahratta Railway and Rs. 7,85,000 to the Oudh and Rohilkhand Railway, leaving only Rs. 12,57,000 for miscellaneous vehicles on other railways in India. We think it is evident that the proposed provision for the two railways named is excessive and should be drastically curtailed.

Track renewals.—The programme for 1923-24 provides for expenditure of Rs. 5,51,00,000 on track renewals, the amount allocated to the more important lines being shown in the following table :—

Railway.	Total expenditure.	Track mileage.	Expenditure per mile of track.
	Rs.		Rs.
North-Western	1,16,30,000	6,788	1,713
Oudh and Rohilkhand	45,93,000	1,593	2,883
Eastern Bengal	34,79,000	2,525	1,377
Bengal-Nagpur	37,63,000	3,536	1,064
Great Indian Peninsula	23,75,000	4,689	506
East Indian	72,88,000	4,366	1,669
Bombay, Baroda and Central India	77,97,000	3,897	2,001
Madras and Southern Mahratta	49,91,000	3,258	1,532

We consider that the proposed expenditure of Rs. 1,16,00,000 on track renewals on the North-Western Railway, which is only earning 1·7 per cent. on its capital at charge, cannot be justified. It has been argued that the North-Western Railway is handicapped by having on its shoulders a number of strategic lines which cannot be expected to pay. It appears to us, however, that endeavour is being made to increase the capacity of this line by raising its standard of equipment, so that the heaviest type of engine can be employed to deal with a possible large increase in traffic. We ascertained from the Agent that, in his opinion, there was little prospect of the Railway being able to earn sufficient revenue to yield 5 per cent. on the capital at charge, and, in these circumstances, it appears to us that the economy to be effected by the use of large engines is not likely to be sufficient to justify the heavy expenditure which is apparently necessary to bring the line up to the required standard.

The expenditure on the Oudh and Rohilkhand Railway of Rs. 2,883 per mile, which is 44 per cent. in excess of any other line, cannot, we think, be justified. The figures for the Great Indian Peninsula Railway indicate the reduction which can be effected in expenditure by adopting the policy of limiting renewals of track to sections of lines that are completely worn out. We consider that this policy should be adopted on all unremunerative lines and that expenditure on the North-Western, Oudh and Rohilkhand, Eastern Bengal and Madras and Southern Mahratta Railways should be drastically curtailed.

Other works.—The proposed provision of Rs 1,32,61,000 for other works is mainly for improvements on the Great Indian Peninsula, South Indian and North-Western Railways. We consider that the total provision under this head for 1923-24 should be limited to Rs. 1 crore.

In this connection we have been supplied with details of the more important station remodelling schemes for which provision is being made in 1923-24 (see Appendix G). It will be seen that it is proposed to provide Rs 52 lakhs as a first instalment for remodelling Grant Road Station on the Bombay, Baroda and Central India Railway. The total cost of this station is estimated at Rs. 3½ crores. It is also proposed to remodel the Victoria Terminus on the Great Indian Peninsula Railway at a cost of Rs. 69 lakhs. The bulk of the remodelling expenditure is on capital account, but in view of the very large amounts involved we consider that the possibility of remodelling these stations on a smaller scale, which could ultimately be enlarged to meet growing requirements, should be considered.

29. *Summary.*—The Committee on Depreciation estimated that the financial provision required for normal annual depreciation would be Rs. 9,19,18,000. On this basis the actual annual expenditure at the present time would probably not exceed Rs. 8 crores, irrespective of any expenditure to overtake arrears. We understand that the Finance Department, while acquiescing in the allocation to railways of provision for programme revenue expenditure to the extent of Rs. 12½ crores, have assumed that it will not be practicable to spend the full amount during the financial year and have made a lump reduction of Rs. 1 crore on account of the probable "lag". As a result of our consideration we are of opinion that the budget provision for programme revenue expenditure in 1923-24 should be limited to Rs. 9 crores and that the Agents of individual railways should be empowered to utilize the amounts allocated to their railways at their discretion, for either additional repairs or renewals, which, as we have already pointed out, are very closely inter-related.

Estimated financial results for 1923-24.

30. With the reduction of Rs. 3½ crores which we propose in the preliminary estimates for 1923-24 the provision for working expenses, including surplus profits, will stand at Rs. 64 crores on the basis of an assumed revenue of Rs. 95½ crores. The following statement compares the estimates for 1923-24 under our proposals with the budget and revised estimates for 1922-23 and the preliminary estimate for 1923-24 :—

Year.		Receipts.	Working expenses including surplus profits.	Net receipts.
		Rs.	Rs.	Rs.
1922-23	Budget	99,57,26,000	68,59,00,000	30,98,26,000
	Revised	92,07,26,000	67,51,92,000	24,55,34,000
1923-24	Preliminary estimate	95,57,24,000	67,50,27,000	28,06,97,000
	Proposed	95,57,24,000	64,00,00,000	31,57,24,000

The estimated revenue for 1923-24 is 4 per cent. less than the budget estimate for 1922-23 and, assuming a proportionate reduction in working

expenses, the amount required for 1923-24 would be Rs. 65,85,00,000, or Rs. 274 lakhs less than the budget estimate for 1922-23 and Rs. 165 lakhs less than the preliminary estimate for 1923-24. The provision of Rs. 64 crores which we recommend represents a reduction of over Rs. 4½ crores on the budget estimate for 1922-23. We have also recommended investigation in various directions, which, if energetically followed up, should result in further large savings and, when it is borne in mind that there should automatically have been a reduction of Rs. 274 lakhs, apart from the savings due to the fall in prices of materials, we think it will be generally agreed that it should be possible to effect much greater reductions in the near future, subject, of course, to any allowance which may be necessary to cope with increased traffic.

Programme of future capital expenditure.

31. We have already referred to the Capital programme of Rs. 150 crores authorised for the rehabilitation of the railways during the 5 years ending with 1926-27. We are informed that this amount was allocated among the railways as follows although some slight modification has since been effected :—

Railway.	Allocation proposed.
	Rs.
North-Western	17,53,00,000
Oudh and Rohilkhand	6,50,00,000
Eastern Bengal	6,50,00,000
Bengal Nagpur	16,00,00,000
Great Indian Peninsula	20,83,00,000
East Indian	23,46,00,000
Bombay, Baroda and Central India	16,13,00,000
Madras and Southern Mahratta	10,00,00,000
South Indian	9,00,00,000
Burma	4,00,00,000
Other Railways	5,56,00,000
Lines under construction and unallocated	14,49,00,000
Total	1,50,00,00,000

A very substantial proportion of this capital has been allocated to unremunerative lines as appears from the following statement :—

Railway.	Proposed allocation.	Loss on working after paying interest and sinking fund charges.	
		1922-23, Revised estimate.	1923-24, Preliminary estimate.
	Rs.	Rs.	Rs.
North-Western	17,53 00,000	2,53,98,000	1,96,95,000
Oudh and Rohilkhand	6,50,00,000	24,72,000	10,25,000
Eastern Bengal	6,50,00,000	61,95,000	58,72,000
Great Indian Peninsula	20,83,00,000	89,40,000	62,28,000
Madras and Southern Mahratta	10,00,00,000	3,41,000	79,84,000
Other Railways	5,56,00,000	10,12,000	88,35,000
Total	66,92,00,000	4,43,58,000	4,96,39,000

We are informed that there are many remunerative schemes such as the opening up of lines for the development of mineral resources, the electrification of

suburban lines, etc., which at present cannot be taken up owing to the difficulty of obtaining capital. This being so, we cannot believe that it is legitimate under any circumstances to put Rs. 67 crores of capital, borrowed at a high rate of interest, into lines which are already a very heavy drain on the resources of the State and we recommend that, except in case of commitments already entered upon, no further capital expenditure be incurred on these lines until the whole position has been examined by the Financial Adviser and reviewed by the Government. If the full amount of the capital cannot immediately be employed on remunerative works on open lines it would, in our opinion, be a matter for consideration whether some portion of it could not with advantage be devoted to the construction of new lines promising an adequate return.

Stores.

32. We have been furnished with the following particulars showing, for the 10 principal railways, the value of the stores purchased and issued during the years 1913-14 and 1921-22 and the stock on hand at end of each of these years :—

Railway.		Opening balance.	Purchases during year.	Issues during year.	Stock on hand at end of year.
		Rs.	Rs.	Rs.	Rs.
Bengal-Nagpur . . .	1913-14 .	78,23,000	2,20,56,000	1,84,77,000	1,14,02,000
	1921-22 .	1,32,67,000	6,13,51,000	6,17,99,000	1,28,39,000
Bombay, Baroda and Central India.	1913-14 .	1,10,04,000	3,95,00,000	3,98,30,000	1,06,74,000
	1921-22 .	1,19,43,000	8,43,62,000	7,16,65,000	2,46,40,000
Burma	1913-14 .	54,12,000	69,91,000	69,35,000	54,68,000
	1921-22 .	60,47,000	1,59,99,000	1,46,06,000	74,40,000
Eastern Bengal . . .	1913-14 .	1,27,56,000	2,09,71,000	2,34,12,000	1,03,15,000
	1921-22 .	1,78,78,000	2,95,16,000	2,48,24,000	2,25,70,000
East Indian . . .	1913-14 .	93,47,000	4,06,15,000	3,77,54,000	1,22,08,000
	1921-22 .	2,41,09,000	7,55,68,000	6,89,50,000	3,07,27,000
Great Indian Peninsula .	1913-14 .	1,59,07,000	4,35,17,000	4,11,54,000	1,82,70,000
	1921-22 .	3,73,72,000	8,18,18,000	7,75,35,000	4,66,55,000
Madras and Southern Mahratta.	1913-14 .	88,04,000	2,00,52,000	1,86,36,000	1,02,30,000
	1921-22 .	1,03,15,000	4,04,67,000	3,50,75,000	1,57,07,000
North-Western . .	1913-14 .	2,71,48,000	6,44,55,000	6,04,58,000	3,11,45,000
	1921-22 .	3 55,18,000	8,33,84,000	7,67,36,000	4,21,66,000
Oudh and Rohilkhand .	1913-14 .	43,72,000	1,36,43,000	1,24,47,000	55,78,000
	1921-22 .	48,77,000	2,19,76,000	1,92,10,000	76,43,000
South Indian . . .	1913-14 .	52,83,000	1,75,21,000	1,58,59,000	69,45,000
	1921-22 .	72,42,000	3,20,50,000	2,80,57,000	1,12,35,000
Total .	1913-14 .	10,78,56,000	28,93,21,000	27,49,47,000	12,72,30,000
	1921-22 .	16,85,90,000	53,14,89,000	47,84,57,000	22,16,22,000

We are informed that the total amount of capital locked up in suspense account at the end of 1921-22 amounted to over Rs. 34 crores, and that, for some railways, the figures shown in the foregoing table represent the total value of certain specified stores and not the total value of all stores held. It is stated that the book value of many items is considerably above their present market price, in some cases by as much as 50 per cent.

We understand that the stocks of stores held on March 31st, 1922, were swollen by large arrivals of indents in the closing months of 1921-22, too late for issue before the end of the financial year and also by the strike on the East Indian Railway, which resulted in delay in the carrying out of works. We consider, however, that, allowing for this, the stocks of stores held are on an extravagant scale and we recommend that steps be taken by a careful scrutiny of indents to effect an early and very substantial reduction.

General.

33. The Chief Commissioner is responsible under the Government of India for arriving at decisions on technical questions and he is solely responsible for advising the Government of India in matters of railway policy. Considering the enormous stake which the Government of India have in the railways and the financial relations which exist between the Government and the railways we think it essential that there should be an officer of the Government of India to protect the interests of the State, to consider schemes for development and to sanction capital expenditure. We consider it very important, however, that his functions should be closely and clearly defined. The Agents, as they are now called, should in our opinion become General Managers, should be made responsible for the administration, working and financial results of their railways and should be free to conduct their undertakings on a commercial basis. The Chief Commissioner and his organisation should hold inquiries in the case of serious accidents in the same way as the Board of Trade does in Great Britain; they should see that the lives of the public are fully safeguarded, that proposed capital expenditure is fully justified as a commercial proposition before being sanctioned, that the construction of engineering works and rolling stock conforms to recognised standards and that rates and fares are fixed at a level necessary to ensure that, with economic working, an adequate return is obtained on the large capital invested by the State in railways.

34. The receipts and working expenses of the railways amount together to more than Rs. 150 crores per annum and the magnitude of the financial interests of the State involved in these transactions make it, in our opinion, essential that an experienced Financial Adviser should be associated with the Chief Commissioner. It is clear that such association is urgently required in order to ensure that financial considerations are given their due weight in the exercise by the Chief Commissioner of his proper functions. There are also many other technical matters such as the financial provision to be made for renewals of permanent way, bridges, rolling stock, etc., and the incidence of expenditure as between capital and revenue which can best be dealt with by a financial expert.

35. We consider that each railway should compile and forward monthly statistical and financial returns shewing its working results. These results should be summarised and scrutinised in the Chief Commissioner's office, and in this way the working of all the railways in India would be focussed for the information of the Member of Council in charge of the railways, the Chief Commissioner and the Financial Adviser. The summarised results should be communicated to the General Managers, which is not now done, so that each Manager will be able to compare the results of his working with that of other railways. In this way, by working in close touch with the Managers, the Hon'ble Member in charge of the railways and the Chief Commissioner should be in a position, while safeguarding the interests of the State, to indicate the directions in which improvements in working might be effected from the point of view of economy or public convenience. This was the procedure intended when the Railway Board was formed in 1908, as set out in the following statement:—

"The conception of a Railway Board is not new; it has been advocated and considered on various occasions for many years past. Its central idea is that there should be a body of practical business men entrusted with full authority to manage the railways of India on commercial principles, and freed from all non-essential restrictions, or needlessly inelastic rules.

"There are two distinct classes of duties with which the new authority will have to deal. The first is deliberative, and includes the preparation of the railway programme and the greater questions of railway policy and finance affecting all lines. The ultimate decision on such questions must of necessity rest with the Government of India.

"The second class of duties is administrative, and includes such matters as the construction of new lines by State Agency, the carrying out of new works

on open lines, the improvement of railway management with regard both to economy and public convenience, the arrangements for through traffic, and the settlement of disputes between railways."

36. This conception of the functions of the Railway Board fell into disuse and detailed control of the railways passed into the hands of a Board stationed at Calcutta and Simla and latterly at Delhi and Simla and the Agents found themselves more or less paralysed. As stated in the Acworth Committee's report, many references on trivial questions have to be referred by the Agents of the railways to Delhi, involving a great amount of correspondence and delay. We are told that in almost every case the result is approval of the Agents' proposals. We agree that this excessive centralisation is wrong. The General Manager of a great railway should not have to refer minor matters connected with the working of his railway to a centralised headquarters in Delhi or Simla, but should be empowered to give decisions and be free to attend to the working of his line. His management should be judged by results and, if it is unsuccessful apart from fortuitous circumstances over which he has had no control, he should be relieved of his duties. We think the question of the salaries of General Managers might with advantage be considered. They are paid very much less than General Managers of railways in Great Britain and it is most important that the very best type of man should be secured by giving him adequate remuneration. It might be objected that in this way the General Manager of a railway would possibly be more highly paid than the Commissioner or Chairman of the Railway Board but the General Managers of railways in England are much more highly paid than the Chairmen of the Boards of Directors and there is no reason why the same system should not be adopted in India. At present, certain restrictions are placed on the salaries of the Managers of railways in India by laying it down that they must not receive more than certain other highly placed officials but in commercial undertakings, such as railways, we are satisfied this is a mistake and the rule should be abrogated.

37. We are convinced that, in a country like India with her vast territory and differing peoples and circumstances, it is an impossibility to control the details of all the railways from Delhi or Simla as at present. Decentralisation is in our opinion essential if the railways in India are to be developed on economic lines. It is generally agreed that large economies could be effected by grouping the railways on the lines recently adopted in Great Britain and we recommend that the preparation of a scheme be taken up forthwith. We consider the existing systems could well be amalgamated into, say, five groups but, although certain lines would appear to fall naturally into the same group, some time and study may be necessary to evolve the most suitable and economic scheme.

38. We have discussed this report with the Chief Commissioner of Railways who accepts the conclusion of the Committee that in the present circumstances reductions in the Railway Budget are unavoidable. Naturally he may find it convenient in working up to them to make certain alterations in the method of arriving at them and this we quite realise. He is in general agreement with many of our recommendations although he must give careful consideration to the means of effecting them.

The Chief Commissioner was good enough to say that he considers the report extremely valuable.

CONCLUSIONS.

Having reviewed the expenditure on the railways we recommend that:—

(1) steps be taken to curtail working expenses as necessary to ensure that, under normal conditions, an average return of at least 5½ per cent. is obtained on the capital invested by the State in railways;

(2) the present system of programme revenue expenditure be abolished, and that adequate financial provision be made annually by each railway for the maintenance and renewal of permanent way and rolling stock in the manner indicated in paragraph 7;

(3) the agents of railways be designated General Managers and made responsible for the administration, working and financial results of their railways;

(4) a Financial Adviser be immediately appointed to ensure that financial considerations are given their due weight before expenditure is incurred;

(5) the preparation of a scheme of grouping the railways be taken up forthwith; and

(6) the budget provision for working expenses, including surplus profits, in 1923-24 be limited to Rs. 64 crores, subject to a further allowance to meet any increase in traffic, a reduction of Rs. 4,59,00,000 on the budget estimate for 1922-23, and of Rs. 3,50,00,000 on the preliminary estimate proposed for 1923-24.

APPENDIX

Details of the expenditure on the Principal

Abstract.	N. W.			E. B.			O. and R.			G. I. P.		
	1913-14.	1922-23.	Percentage of increase.	1913-14.	1922-23.	Percentage of increase.	1913-14.	1922-23.	Percentage of increase.	1913-14.	1922-23.	Percentage of increase.
A												
MAINTENANCE OF WAY, WORKS AND STATIONS.												
I. General superintendence	17,98	31,00	72·4	6,86	14,81	115·8	5,40	9,65	78·7	13,95	26,20	87·8
II. Maintenance and renewals of permanent-way.	54,84	1,84,65	236·7	19,16	50,02	161·1	16,39	52,61	221·	70,94	2,04,29	188·0
III. Repairs of bridges, etc.	12,22	30,90	152·8	6,87	19,83	188·2	2,13	5,62	163·9	24,53	36,14	47·3
IV. Conservancy of rivers	79	1,16	46·8	5	55	1,000	30	40	33·3	...	...	...
V. Repairs of stations and buildings	15,80	32,40	105·1	10,33	14,43	39·6	2,69	5,66	110·4	17,97	29,92	66·5
VI. New minor works	1,04	2,50	140·4	54	1,14	111·1	40	40	...	44	51	15·9
VII. Unclassified expenditure	16,76	16,87	·6	3,68	4,32	17·4	2,66	3,14	18·1	8,58	9,29	8·3
Value of stores returned to stock	...	...	...	...	...	...	...	...	...	...	...	...
Less worked lines	—17,54	—23,81	...	—1,06	—1,90	...	—60	—96	...	—2,25	—11,49	...
Total	1,01,89	2,75,67	170·5	46,43	1,03,20	122·2	29,37	76,52	160·6	1,34,16	2,94,86	119·8
B												
LOCOMOTIVE EXPENSES.												
I. General superintendence	9,65	17,20	78·2	3,06	7,85	156·5	2,59	4,19	61·8	9,84	19,49	98·1
II. Running Expenses	29,15	60,11	106·2	10,91	17,95	64·5	5,93	11,00	85·5	39,96	83,27	108·4
III. Fuel	1,05,15	2,43,00	131·1	19,84	38,25	92·8	12,63	28,30	124·0	1,00,06	1,63,20	63·1
IV. Water (including wages and stores)	4,48	10,00	123·2	1,36	1,72	126·5	68	1,20	76·5	3,82	8,89	132·9
V. Oil, tallow and other stores (expended on engines in work).	4,17	11,00	163·8	1,67	3,69	120·9	1,05	1,60	52·4	4,64	6,88	48·2
VI. Maintenance and renewals of locomotive engines.	31,75	1,37,67	333·6	11,09	22,90	106·5	7,57	19,71	160·4	40,55	1,28,20	216·1
VII. Maintenance and renewals of motor cars.	14	40	185·7	9	39	333·3	3	5	66·6	5	32	540·0
VIII. Maintenance and renewals of machinery, tools and plant.	4,54	10,00	120·3	1,13	3,97	251·3	92	2,25	144·6	3,04	15,93	424·0
IX. New minor works	3	5	66·6	...	1	...	1	2	100·0	...	10	...
X. Payments to other lines	...	...	...	...	...	...	...	...	...	...	6	...
XI. Unclassified expenditure	28,42	28,09	—1·1	5,15	7,26	40·9	5,53	6,70	21·1	17,33	45,83	164·5
Value of stores returned to stock	...	...	...	...	...	...	...	...	...	...	...	...
Less worked lines	—22,06	—29,56	...	—1,15	—1,85	...	—76	—1,12	...	—3,62	—14,51	...
Total	1,95,42	4,87,96	149·7	53,15	1,02,14	92·2	36,18	73,90	104·2	2,15,67	4,57,66	112·2
C												
CARRIAGE AND WAGON EXPENSES.												
I. General superintendence	4,16	7,60	82·7	1,69	4,12	143·8	1,17	1,90	62·4	3,54	9,18	159·3
II. Repairs and renewals of vehicles	42,43	1,57,76	271·8	12,88	59,62	362·9	9,95	28,06	182·0	32,49	1,19,83	268·8
III. Repairs and renewals of machinery, tools and plant.	1,13	5,84	416·8	23	2,00	769·6	58	70	20·7	83	4,16	401·2
IV. Cleaning carriages and wagons and oiling.	5,62	17,35	208·7	1,96	5,45	178·0	1,39	2,35	69·0	5,36	20,05	274·2
V. New minor works	...	5	...	1	2	100·0	1	2	100·0	...	3	...
VI. Unclassified expenditure	68	1,00	47·1	16	74	362·5	16	6	—62·5	42	77	83·3
Value of stores returned to stock	...	...	...	...	...	...	...	...	...	...	...	...
Less worked lines	—6,74	—9,03	...	—23	—75	...	—26	—56	...	—70	—4,60	...
Total	47,28	1,80,57	281·9	16,70	71,20	326·4	13,00	32,53	150·2	41,94	1,49,43	256·3
D												
TRAFFIC EXPENSES.												
I. Salaries, wages, etc.	79,41	1,42,88	79·9	38,94	73,17	87·9	18,32	39,21	114·0	61,21	1,20,84	97·4
II. Fuel, lighting, water and general stores.	13,80	24,40	76·8	5,92	11,25	90·0	2,99	5,79	93·7	11,54	22,35	93·6
III. Clothing	2,09	8,46	304·8	79	2,02	155·7	61	20	—67·2	1,21	2,75	127·2
IV. Printing, stationery and tickets	2,90	4,00	37·9	1,84	3,15	71·2	92	1,70	84·8	3,19	5,05	58·3
V. Charges for delivery and collection of goods.	7	21	200·0	7	6	—14·3	8	6	—25·0	13	7	—46·2
VI. Miscellaneous expenses	5	3	—40·0	16	8	—50·0	...	39	...	16	27	68·8
VII. Payments to other lines	2,27	1,57	30·8	31	14	—54·9	1,20	1,00	—16·6	1,25	20	—84·0
VIII. Unclassified expenditure	79	50	—36·7	31	16	—48·4	9	7	—22·2	10	13	30·0
Value of stores returned to stock	...	...	...	...	...	...	...	...	...	...	...	...
Less worked lines	—8,58	—11,50	...	—1,16	—1,86	...	—49	—84	...	—1,30	—4,68	...
Total	92,80	1,70,55	83·9	47,18	88,17	86·9	23,72	47,58	100·6	77,49	1,46,98	89·7
E												
GENERAL CHARGES.												
I. General Administration	1,67	60	—64·1	36	20	—47·4	32	20	—37·5	3,85	7,30	89·6
II. Salaries of Indian management	19,36	36,43	88·2	11,30	24,40	115·9	6,44	11,91	84·9	15,84	34,70	119·1
III. Police	2,68	7,00	161·2	94	1,50	64·8	53	1,20	126·4	2,85	552	93·7
IV. Advertising (all advertisements of all departments).	41	19	—53·6	11	30	172·7	6	10	66·6	12	10	—16·7
V. Electric telegraph	10,23	15,00	46·6	3,99	5,80	45·4	2,81	3,58	27·4	9,61	19,69	104·9
VI. Indian charges on stores	...	7,55	...	...	1,50	...	...	65	...	...	7,35	...
VII. Unclassified expenditure	7,52	2,00	—73·4	6	60	900·0	5	12	140·0	23	50	117·4
Value of stores returned to stock	...	...	...	...	...	...	...	...	...	...	...	...
Less worked lines	—4,90	—6,57	...	—29	—60	...	—21	—32	...	—54	—2,47	...
Total	36,97	62,20	68·2	16,56	33,70	103·5	10,00	17,44	74·4	31,96	72,69	127·4

Railways in 1913-14 and as estimated for 1922-23.

B. N.			E. I.			B. B. and C. I.			M. and S. M.			S. I.			Burma.		
1913-14.	1922-23.	Percentage of increase.	1913-14.	1922-23.	Percentage of increase.	1913-14.	1922-23.	Percentage of increase.	1913-14.	1922-23.	Percentage of increase.	1913-14.	1922-23.	Percentage of increase.	1913-14.	1922-23.	Percentage of increase.
8,99	18,55	106·3	13,55	26,16	93·0	9,59	20,60	114·8	7,90	13,86	69·1	5,89	12,07	104·9	5,54	9,62	73·6
18,99	54,39	186·4	42,54	1,22,90	188·9	39,80	75,55	89·8	30,63	63,16	106·2	23,19	70,05	202·0	18,32	31,25	70·5
7,01	8,25	17·7	5,66	29,00	412·4	11,79	13,42	13·8	7,64	15,34	100·8	3,63	13,99	285·4	3,24	8,38	158·6
...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	4	7	75·0
8,11	12,72	56·8	14,77	27,00	82·8	7,04	24,61	249·6	5,10	11,21	119·8	4,27	11,51	169·5	6,14	5,47	—10·9
56	66	17·9	1,54	1,48	—4·0	40	25	—37·5	58	87	50·0	23	38	65·2	24	39	62·5
2,48	4,88	96·8	8,32	9,14	9·9	3,73	5,83	56·3	62	8,00	1,190·3	1,94	2,85	46·9	2,52	...	...
...	...	...	—1,41	—2,21	...	—40	...	...	...	...	...	...	...	...	...	...	...
—1,49	...	....	...	...	...	—3,72	—6,05	...	—1,82	—3,28	...	—2,52	—11,60	...	...	—94	...
44,65	99,45	222·8	84,97	2,13,47	151·2	68,23	1,34,21	96·7	50,65	1,08,66	114·5	36,63	99,25	170·9	36,04	54,24	50·5
5,03	10,40	106·8	11,27	21,72	92·7	7,04	15,76	123·8	5,29	10,04	89·8	3,34	6,46	93·4	3,67	6,24	70·0
15,89	32,49	104·5	31,58	60,64	92·0	24,28	49,70	104·7	16,63	28,87	73·6	11,84	23,17	95·7	9,75	16,19	66·0
13,84	28,00	102·3	18,63	56,60	203 8	60,19	1,54,00	155·8	41,64	70,80	70·0	30,85	91,50	196·6	17,21	50,00	190·5
1,42	2,38	67·6	2,36	4,90	107·6	3,73	8,16	118·9	2,10	5,45	159·5	1,23	2,45	99·2	1,21	1,68	38·8
1,82	3,04	67·0	7,37	19,26	161·3	4,49	11,44	154·7	1,45	3,00	106·9	1,47	3,80	158·5	85	1,18	38·8
14,54	34,79	139·3	32,65	89,77	175·0	25,65	94,55	268·6	20,13	43,69	117·0	16,35	32,23	97·1	6,91	15,40	122·8
1	8	700·0	14	20	42·9	11	27	145·4	5	4	—20·0	7	3	—57·1	3	12	300·0
1,32	5,01	279·5	3,95	5,70	44·3	3,13	8,20	161·9	2,34	8,75	273·9	1,45	2,80	93·1	56	87	55·3
..	2	...	13	20	53·9	2	10	400·0	1	4	300·0	...	10	...	...	1	...
2	...	...	2	...	...	...	...	...	...	...	...	5	4	—20·0	...	...	...
11,65	17,63	51·3	18,80	26,50	41·0	10,17	16,41	61·3	8,37	18,50	121·0	2,19	3,87	76·7	2,38	2,20	—7·5
...	...	...	—76	—3,74	...	—4	...	...	...	...	...	...	...	...	...	...	...
—1,85	...	...	...	...	...	—7,21	—15,74	...	—3,34	—5,57	...	—4,21	16,42	...	...	...	...
63,69	1,33,84	110·1	1,26,14	2,81,75	123·4	1,31,56	3,42,85	160·6	94,67	1,83,61	93·9	64,63	1,50,03	132·1	42,57	93,89	120·5
1,33	3,30	148·1	2,86	6,61	131·1	2,93	6,36	117·0	1,86	3,17	70·4	1,11	2,15	93·7	1,42	2,41	69·7
17,50	64,80	270·3	31,80	91,84	188·8	24,96	1,25,44	402·5	19,97	51,35	157·1	20,11	28,75	42·9	11,50	37,07	222·3
30	1,47	390·0	1,01	3,69	265·3	1,12	3,59	220·5	41	1,91	365·8	45	93	106·6	25	60	140·0
3,13	9,16	192·7	3,13	14,30	356·9	3,32	9,87	197·9	1,89	4,92	160·3	1,96	5,30	170·4	1,21	1,64	35·5
2	5	150·0	5	4	—20·0	6	7	16 6	...	4	...	1	7	60·0	1	1	...
6	5	—16·6	49	3,22	557·0	30	30	...	—10	5,33	5,430·0	9	14	55·5	13	A.	...
...	...	...	—15	—2,42	...	...	...	...	...	...	...	...	...	...	...	...	...
—55	...	...	...	...	...	—1,71	—6,47	...	—81	—1,96	...	—1,21	—3,71	...	...	...	...
21,79	78,83	261·8	39,19	1,17,28	199·2	30,98	1,39,16	349 1	23,22	64,76	178·8	22,52	33,63	49·3	14,52	41,73	187·3
26,11	60,08	130·1	71,12	1,32,82	86·6	41,36	1,05,44	154·9	24,87	43,13	73·4	17,59	34,09	93·8	15,56	26,91	72·9
3,70	7,70	108·0	12,54	23,65	88·6	8,79	19,76	124·8	3,60	6,66	85·0	2,91	6,73	131·3	2,15	3,20	48·8
45	1,40	211·1	1,16	3,50	201·7	1,05	3,50	233·3	59	1,10	86·4	15	47	213·3	37	78	110·8
1,07	1,75	63·6	3,28	7,00	113·4	2,95	11,60	293·2	1,74	4,00	129·9	1,50	3,01	100·6	1,05	2,70	157·1
4	12	200·0	95	1,00	5·3	...	...	...	10	17	70·0	...	...	...	6	...	...
9	10	11·1	27	50	85·2	12	15	25·0	21	28	33·3	11	10	—9·09	2	17	750·0
2,37	3,40	43·5	1,33	2,00	50·4	88	2,75	212·5	41	66	61·0	27	60	122·2	...	...	...
4	5	25·0	20	20	...	4	3	—25·0	24	20	—16·6	2	2	...	14	...	...
...	...	...	—3	—17	...	—1	...	...	...	...	...	...	...	...	...	...	...
—79	...	...	...	...	...	—2,87	—6,47	...	—1,09	—1,64	...	—1,40	—4,45	...	...	...	...
33,08	74,60	125·5	90,82	1,70,50	87·7	52,31	1,36,76	161·4	30,67	54,56	78·5	21,15	40,57	91·8	19,35	33,76	74·5
4,35	6,07	39·5	4,94	5,72	15·8	4,12	6,38	54·8	3,61	3,93	8·9	3,21	5,04	57·0	2,68	3,79	41·4
9,29	19,99	115·2	16,23	29,91	84·3	13,67	30,53	123·3	9,76	15,66	60·4	7,22	12,84	77·8	6,40	11,43	76·9
1,52	2,20	44·7	3,70	6,57	77·6	3,57	6,60	84·8	3,03	4,32	42·6	1,98	2,68	35·4	1,41	1,95	38·3
15	20	33·3	16	55	243·8	12	10	—16·6	4	14	250·0	6	8	...	7	5	—28·5
4,96	10,92	120·2	9,54	17,37	82·1	6,89	14,70	113·3	5,40	10,87	101·3	3,09	4,67	51·1	2,81	4,43	57·6
...	...	...	...	...	...	...	...	...	...	1,97	...	...	...	...	...	...	...
9	16	77·7	42	40	—4·8	8	25	212·5	12	21	75·0	22	49	122·7	5	...	...
...	...	...	—3	—4	...	...	...	...	...	...	...	...	...	...	...	...	...
—64	...	...	...	...	...	—1,48	—2,43	...	—69	—1,05	...	—97	—2,55	...	...	...	...
19,72	39,54	100·5	34,96	60,48	73·0	26,97	56,13	108·1	21,27	36,05	69·5	14,81	23,23	56·8	13,48	21,65	60·6

APPENDIX

Details of expenditure on the Principal

Abstract.	N. W.			E. B.			O. and R.			G. I. P.		
	1913-14.	1922-23.	Percentage of increase.	1913-14.	1922-23.	Percentage of increase.	1913-14.	1922-23.	Percentage of increase.	1913-14.	1922-23.	Percentage of increase.
F												
STEAM BOAT SERVICE.												
I. Working vessels	21	98	366·6	7,46	3,42	—54·1	...	...	...	...	...	...
II. Repairs and renewals	3	22	633·3	1,73	3,29	90·2	...	...	...	...	...	...
III. Fuel	6	43	616·6	93	90	—3·2	...	...	...	...	...	...
IV. Miscellaneous stores	3	12	300·0	58	40	—31·0	...	...	...	...	...	...
V. Steam Traffic agencies	...	...	...	...	...	...	...	...	...	...	...	...
VI. New minor works	6	11	83·3	...	1	...	...	...	...	...	...	...
VII. Miscellaneous expenditure	...	12	...	48	48	...	...	...	...	...	...	...
Value of stores returned to stock	...	...	...	...	...	...	...	...	...	...	...	...
Less worked lines	...	...	...	...	...	...	...	...	...	...	...	...
Total	39	1,98	407·7	11,18	8,50	—23·9	...	...	...	...	...	...
G												
SPECIAL AND MISCELLANEOUS EXPENDITURE.												
I. Law charges	8	8	...	21	20	—4·8	3	10	233·3	35	50	42·9
II. Compensation	6,66	20,00	200·3	3,44	2,00	—41·8	93	2,50	168·8	4,39	24,73	463·3
III. Rates and taxes (including municipal water rates).	1,52	75	—50·6	1,23	2,90	+135·7	14	25	78·6	1,95	3,50	79·5
IV. Payments to other lines	6,26	1,50	—76·0	7,76	10	...	1,45	2,00	38·0	21,91	37,27	70·1
V. Prizes for station gardens, etc.	...	1		...	...	...	...	...	...	...	...	...
VI. Contribution to Provident institutions.	5,45	13,00	138·5	3,47	7,90	+127·7	2,11	4,30	103·8	7,17	27,00	276·5
VII. Gratpities	2,68	4,50	67·9	60	1,86	210·0	49	1,40	185·8	3,41	6,00	76·0
VIII. Miscellaneous	3,55	12,55	253·5	1,08	4,00	270·4	71	91	28·2	2,11	7,00	231·7
Value of stores returned to stock.	...	...	...	...	...	...	...	...	...	...	...	...
Less worked lines	—1,23	—1,64	...	—10	—32	...	—11	—20	...	—68	—2,68	...
Deduct—Amount to agree with the Budget grant.	...	—1,05	...	...	...	...	...	...	...	...	...	...
Total	24,97	49,70	99·0	17,69	18,64	—5·3	5,75	11,26	95·9	40,61	1,03,32	154·4
GRAND TOTAL	4,99,72	12,28,63	...	2,08,89	4,25,55	103·7	1,18,02	2,59,23	119·6	5,41,83	12,24,94	126·6
Value of stores returned to stock	...	...	...	...	...	...	...	...	...	...	...	...
Non-budget lines	...	...	...	...	...	...	...	...	...	...	...	...
Suspense	—8,06	...	...	—3,49	...	...	—49	...	...	—6,50	...	...
Rebate, hire of rolling stock, etc.	+4,03	8,40	...	...	44	...	...	...	...	...	30	...
Total	4,95,69	12,37,03	...	2,05,40	4,25,99	...	1,17,53	2,59,23	...	5,35,33	12,25,24	...

...

A—*contd.*

Railways in 1913-14 and as estimated for 1922-23—*contd.*

B. N.			E. I.			B. B. and C. I.			M. and S. M.			S. I.			Burma.		
1913-14.	1922-23.	Percentage of increase.	1913-14.	1922-23.	Percentage of increase.	1913-14.	1922-23.	Percentage of increase.	1913-14.	1922-23.	Percentage of increase.	1913-14.	1922-23.	Percentage of increase.	1913-14.	1922-23.	Percentage of increase.
2,03	3,32	63·5	86	38	—55·8	...	...	...	...	...	...	32	2,04	537·5	1,22	1,53	25·4
1,04	1,70	63·5	60	28	—53·3	...	...	...	...	...	...	5	72	1,340·0	23	68	195·6
50	90	80·0	10	8	—20·0	...	...	...	...	...	...	6	1,72	2,766·6	36	50	38·9
47	83	76·6	24	20	—16·6	...	...	...	...	...	...	...	17	...	8	9	12·5
...	...	...	2	...	...	...	...	...	...	...	...	...	15	...	...	...	...
...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
39	44	12·9	33	4	—87·9	...	...	...	...	...	...	...	19	...	...	...	...
...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
...	...	...	...	...	...	...	...	...	...	...	...	—3	—50	...	—3	...	...
4,43	7,19	62·3	2,15	98	—54·4	...	...	...	...	...	...	40	4,49	1,122·5	1,86	2,80	50·5
10	25	150·0	94	30	—68·1	32	40	25·0	6	16	166·6	...	6	...	6	25	316·6
51	2,00	292·2	5,25	18,00	243·0	3,44	22,00	539·5	1,02	3,00	194·1	29	1,38	375·9	14	...	...
57	1,00	75·4	2,23	2,50	12·1	81	2,30	183·9	73	1,16	58·9	75	1,53	1·4·0	85	1,75	105·9
5,03	5,00	—·6	25,39	39,10	54·0	5,31	17,66	232·5	1,77	3,42	93·2	93	1,21	30·1	...	..	...
3	4	33·3	...	...	...	6	10	66·6	...	1	...	...	...	...	...	...	...
4,23	10,50	148·2	...	21,78	...	6,07	18,00	196·5	4,32	11,20	159 3	1,62	7,00	332·1	2,52	5.80	130·1
34	1,00	194·1	1,25	5,10	308·0	2,14	5,50	157·0	1,91	3,00	57·1	79	1,81	129·1	17	60	252·9
2,02	14,00	593·0	2,22	6,25	181·5	98	3,15	221·4	47	2,70	451·0	3,53	2,44	—30·8	76	1,40	84·2
...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
—8	...	...	...	...	...	—1,00	—3,22	...	—35	—71	...	—48	—2,78	...	...	...	...
...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
12,75	33,79	165·0	37,28	93,03	149·6	18,13	65,89	263·4	9,93	23,94	141·0	7,43	12,65	70·2	4,50	9,80	117·8
2,00,.1	4,67,24	133·4	4,15,51	9,37,49	125·6	3,28,18	8,75,00	166·6	2,30,41	4,71,58	105·5	1,67,57	3,63,85	117·0	1,42,32	2,57,87	94·9
...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
...	— 45	...	...	—28,80	...	...	...	...	...	...	...	...	...	...	...	...	...
—4,39	...	...	—1,42	...	...	+41	...	...	+7,30	...	...	+54	...	...	—2,36	...	...
...	40	...	...	4,71	...	...	...	...	...	+8,95	...	...	1,25	...	...	...	...
1,95,72	4,67,19	...	4,14,09	9,13,40	...	3,28,59	8,75,00	...	2,37,71	4,80,53	...	1,68,11	3,65,10	...	1,29,93	2,57,87	...

APPENDIX B.

Rolling Stock Statistics.

Railway.	Locomotives.			Coaching Stock.			Goods Stock.		
	1914. No.	1921. No.	Per cent. increase.	1914. No.	1921. No.	Per cent. increase.	1914. No.	1921. No.	Per cent. increase.
Broad Gauge.									
Bengal-Nagpur	403	619	53·6	1,031	1,139	10·4	13,218	20,119	52·2
Bombay, Baroda and Central India	339	394	16·2	891	960	7·7	9,110	9,999	9·7
Eastern Bengal	270	308	14·1	779	937	20·3	6,509	8,844	35·9
East Indian	1,136	1,300	14·4	2,341	2,414	3·1	27,571	37,982	37·7
Great Indian Peninsula	1,073	1,301	21·2	2,109	2,406	14·1	17,127	19,158	11·9
Madras and Southern Mahratta	250	308	23·2	741	890	20·1	4,370	5,719	30·9
North Western	1,254	1,585	26·4	2,948	3,339	13·3	25,169	29,919	18·9
Oudh and Rohilkhand	276	292	5·8	1,040	1,110	6·7	7,235	8,534	18·0
South Indian	123	154	25·2	322	364	13·0	1,731	1,803	4·2
All Broad Gauge Railways	5,124	6,261	22·2	12,202	13,559	11·1	112,040	142,077	26·8
Metre Gauge.									
Bombay, Baroda and Central India	508	597	17·5	1,533	1,591	3·8	9,142	8,677	—5·1
Eastern Bengal	241	256	6·2	825	1,062	28·7	5,013	5,131	2·4
Madras and Southern Mahratta	286	325	13·6	1,218	1,152	—5·4	6,203	6,598	6·4
South Indian	297	355	19·5	1,398	1,437	2·8	4,055	4,387	8·2
Burma	331	342	3·3	928	1,134	22·2	7,946	8,097	1·9
All Metre Gauge Railways	1,663	1,875	12·7	5,502	6,376	8·0	32,359	32,890	1·6

APPENDIX C.

Statement showing use made of Locomotive Stock.

Railway.		Average number of engines in stock.	Average number available for use	Average number in use daily.	Maximum number in use on any one day.	Average mileage run per engine per annum.
Broad Gauge Lines.						
North-Western	1913-14	1,247	1,007	838	929	20,990
	1921-22	1,561	1,123	990	1,045	16,041
Oudh and Rohilkhand	1913-14	(a)	(a)	(a)	(a)	26,120
	1921-22	292	255	233	249	21,260
Eastern Bengal	1913-14	270	232	(a)	(a)	25,232
	1921-22	308	243	218	238	21,380
Bengal-Nagpur	1913-14	399	346	311	(a)	28,025
	1921-22	587	536	482	(a)	23,285
Great Indian Peninsula	1913-14	1,069	(a)	831	(a)	23,794
	1921-22	1,283	880	929	947	20,412
East Indian	1913-14	1,110	1,016	971	989	28,410
	1921-22	1,297	1,172	1,124	1,141	26,677
Bombay, Baroda and Central India	1913-14	334	271	(a)	(a)	23,796
	1921-22	397	306	276	301	24,734
Madras and Southern Mahratta	1913-14	250	209	(a)	(a)	22,668
	1921-22	308	260	(a)	(a)	21,535
South Indian	1913-14	(a)	(a)	(a)	(a)	19,410
	1921-22	143	129	92	97	17,404
Metre Gauge Lines.						
Eastern Bengal	1913-14	241	203	(a)	(a)	26,308
	1921-22	256	200	126	136	18,730
Bombay, Baroda and Central India	1913-14	508	419	256	308	19,598
	1921-22	513	422	300	338	21,521
Madras and Southern Mahratta	1913-14	286	237	(a)	(a)	25,570
	1921-22	325	276	(a)	(a)	23,592
South Indian	1913-14	(a)	(a)	(a)	(a)	24,532
	1921-22	342	299	239	244	20,894
Burma	1913-14	323	(a)	(a)	(a)	22,075
	1921-22	324	(a)	(a)	(a)	24,772
Total other Railways*	1913-14	108	82	28	29	23,117
	1921-22	169	153	113	135	16,663

(a) Information not available.

*"Other railways" include Assam-Bengal Railway, Lucknow-Bareilly Railway, Tirhoot State and Aden (for 1921-22 only) Railways.

APPENDIX D.

Passenger Traffic.

Railway.	Number of passengers carried.				Passenger Miles (in thousands).			
	1913-14.	1921-22.	Maximum in year any subsequent to 1913-14.	Per cent. increase.	1913-14.	1921-22.	Maximum in year any subsequent to 1913-14.	Per cent. increase.
Bengal-Nagpur	17,097,000	21,919,000	21,919,000	28·2	922,494	1,058,135	1,097,494	19·0
Bombay, Baroda	67,161,000	89,569,000	94,000,000	39·9	2,075,444	2,501,200	2,643,223	27·4
Eastern Bengal	36,230,000	27,822,000	40,210,000	11·0	1,013,615	1,014,009	1,118,790	10·4
East Indian	41,562,000	48,169,000	48,176,000	15·9	2,339,618	2,353,635	2,443,993	4·5
Great Indian Peninsula	37,767,000	43,717,000	52,074,000	37·9	1,663,566	2,417,844	2,557,710	53·7
Madras and Southern Mahratta	35,890,000	41,172,000	44,790,000	24·8	1,243,145	1,450,157	1,669,397	34·3
North Western	61,349,000	73,791,000	73,791,000	20·3	2,412,570	3,381,843	3,520,896	45·9
Oudh and Rohilkhand	21,444,000	20,725,000	20,725,000	—3·4	818,543	866,601	887,862	8·5
South Indian	47,200,000	52,890,000	54,084,000	14·6	1,395,272	1,391,757	1,542,830	10·6
Burma	28,667,000	35,069,000	35,678,000	24·5	618,540	783,206	785,428	27·0
Total, all Railways†	399,481,000	460,602,000	484,570,000	21·3	14,739,678	17,565,829	18,379,526	24·7

Freight Traffic.

Railway.	Tonnage conveyed.				Ton miles worked (in thousands).			
	1913-14.	1921-22.	Maximum in year any subsequent to 1913-14.	Per cent. increase over 1913-14.	1913-14.	1921-22.	Maximum in year any subsequent to 1913-14.	Per cent. increase.
Bengal-Nagpur	7,286,000	8,865,000	8,906,000	22·2	1,351,675	2,069,956	2,249,015	66·4
Bombay, Baroda	7,146,000	7,837,000	8,282,000	15·9	1,295,944	1,683,836	2,094,457	61·6
Eastern Bengal	5,511,000	4,697,000	5,394,000	—2·1	599,748	564,728	595,022	—0·8
East Indian	17,034,000	16,510,000*	18,998,000	11·5	4,279,421	4,544,859*	5,908,832	38·1
Great Indian Peninsula	9,981,000	10,697,000	11,439,000	14·6	2,559,661	2,649,467	3,406,678	33·1
Madras and Southern Mahratta	4,133,000	4,563,000	4,853,000	17·4	797,669	929,254	1,209,144	51·6
North Western	12,288,000	11,531,000	12,947,000	5·4	2,667,733	2,489,122	3,742,657	40·3
Oudh and Rohilkhand	3,436,000	3,484,000	3,927,000	14·3	397,556	657,650	889,871	123·8
South Indian	3,246,000	3,264,000	3,314,000	2·1	360,753	467,162	542,756	50·4
Burma	3,144,000	3,747,000	3,886,000	23·6	384,225	532,700	546,259	42·2
Total, all Railways†	74,836,000	76,766,000	81,454,000	8·8	14,848,073	16,733,346	21,045,362	41·7

* Traffic adversely affected by a long strike.

† Includes also the Assam-Bengal, Jodhpur-Hyderabad, Bezwada Extension and Aden Railways.

APPENDIX E.

Analysis of Engine Mileage.

Railway.	Passenger Train.				Freight Train.				Shunting.				Total.			
	1913-14.	1921-22.	Maximum in any year subsequent to 1913-14.	Per cent. increase.	1913-14.	1921-22.	Maximum in any year subsequent to 1913-14.	Per cent. increase.	1913-14.	1921-22.	Maximum in any year subsequent 1913-14.	Per cent. increase.	1913-14.	1921-22.	Maximum in any year subsequent to 1913-14.	Per cent. increase.
Broad Gauge.																
Bengal-Nagpur	3,887,000	3,827,000	3,860,000	—·7	5,248,000	6,843,000	7,088,000	35·1	2,089,000	3,417,000	3,417,000	63·5	11,333,000	14,320,000	14,320,000	26·3
Bombay, Baroda and Central India	3,733,000	4,673,000	4,673,000	25·1	2,799,000	3,279,000	4,133,000	47·7	1,273,000	1,728,000	1,769,000	38·9	8,067,000	9,787,000	9,980,000	23·7
Eastern Bengal	2,705,000	2,977,000	3,103,000	14·7	1,809,000	1,393,000	1,859,000	2·7	2,248,000	2,135,000	2,202,000	—2·0	6,813,000	6,531,000	6,977,000	2·4
East Indian	9,938,000	9,794,000	10,358,000	4·2	14,126,000	14,261,000	18,078,000	27·9	5,481,000	7,953,000	8,471,000	54·5	32,157,000	34,680,000	38,339,000	19·1
Great Indian Peninsula	10,344,000	11,198,000	11,198,000	8·2	11,409,000	10,811,000	13,827,000	21·2	3,441,000	4,173,000	4,295,000	24·8	25,530,000	26,576,000	28,259,000	10·7
Madras and Southern Mahratta	2,672,000	3,165,000	3,165,000	18·4	2,032,000	2,318,000	2,938,000	44·5	828,000	951,000	1,019,000	23·0	5,702,000	6,682,000	6,974,000	22·3
North Western	11,414,000	10,447,000	12,090,000	5·9	10,016,000	9,346,000	10,887,000	8·7	4,679,000	5,483,000	6,445,000	37·7	26,324,000	25,461,000	27,707,000	5·2
Oudh and Rohilkhand	3,730,000	2,954,000	3,389,000	—9·1	2,433,000	2,286,000	2,990,000	22·9	897,000	1,021,000	1,021,000	13·8	7,209,000	6,378,000	6,868,000	—4·7
South Indian	1,199,000	1,581,000	1,581,000	31·9	941,000	762,000	995,000	5·7	Not recorded separately.	311,000			2,388,000	2,680,000	2,680,000	12·2
Burma	2,543,000	2,618,000	2,618,000	2·9	3,406,000	3,788,000	3,996,000	17·3	1,351,000	1,548,000	1,572,000	16·3	7,307,000	8,001,000	8,041,000	10·0
Metre Gauge.																
Bombay, Baroda and Central India	4,449,000	4,971,000	5,177,000	16·3	4,311,000	4,726,000	5,808,000	34·7	1,324,000	1,607,000	1,607,000	21·4	10,108,000	11,342,000	11,613,000	14·9
Eastern Bengal	2,721,000	2,285,000	2,879,000	5·8	2,328,000	1,391,000	1,946,000	—16·4	1,221,000	1,160,000	1,237,000	1·3	6,433,000	4,917,000	6,183,000	—3·9
Madras and Southern Mahratta	2,814,000	2,938,000	2,986,000	6·1	3,893,000	4,076,000	4,083,000	4·9	905,000	914,000	914,000	1·0	7,697,000	8,163,000	8,163,000	6·1
South Indian	3,748,000	4,035,000	4,246,000	13·3	2,960,000	2,767,000	3,036,000	2·5	Not recorded separately.	839,000			7,591,000	7,668,000	7,925,000	4·4
Total all Railways*	70,004,000	71,009,000	72,137,000	3·0	71,151,000	71,691,000	84,462,000	18·7	28,332,000	34,998,000	36,398,000	28·4	173,966,000	182,202,000	186,296,000	7·1

* Includes also the Assam-Bengal, Jodhpur-Hyderabad, Bezwada Extension and Aden Railways.

APPENDIX F.

Details of proposed Programme Revenue Expenditure in 1923-24, with comparative totals for 1921-22 and 1922-23.

Railway.	Way, Works and Stations.			Rolling Stock.							Total Programme Expenditure.		
	Track Renewals.	Bridges.	Other works.	Locomotives.		Coaching Stock.		Goods Stock.		Miscellaneous Stock.	1923-24.	1922-23.	1921-22.
	Rs.	Rs.	Rs.	No.	Rs.	No.	Rs.	No.	Rs.	Rs.	Rs.	Rs.	Rs.
North-Western	1,16,30,000	12,34,000	23,50,000	70	46,18,000	130	16,90,000	1,429	51,50,000	38,000	2,67,10,000	2,23,92,000	1,78,10,000
Oudh and Rohilkhand	45,93,000	...	14,27,000	9	6,80,000	...	...	20	1,22,000	7,85,000	76,07,000	63,16,000	45,60,000
Eastern Bengal	34,79,000	9,96,000	2,95,000	14	8,00,000	55	9,72,000	185	4,78,000	2,00,000	72,20,000	67,00,000	51,31,000
Bengal-Nagpur	37,63,000	2,90,000	6,73,000	14	5,76,000	7	99,000	441	7,05,000	...	61,06,000	41,31,000	29,15,000
Great Indian Peninsula	23,75,000	22,90,000	24,46,000	104	52,92,000	64	13,00,000	200	6,00,000	61,000	1,43,64,000	97,99,000	1,32,28,000
East Indian	72,88,000	22,82,000	5,82,000	100	31,37,000	37	10,84,000	1,150	30,70,000	3,70,000	1,78,13,000	1,35,97,000	83,38,000
Bombay, Baroda and Central India	77,97,000	6,92,000	16,80,000	72	24,71,000	69	5,77,000	679	12,00,000	2,48,000	1,46,65,000	1,34,50,000	73,77,000
Madras and Southern Mahratta	49,91,000	8,73,000	10,13,000	9	13,24,000	41	8,88,000	830	28,74,000	20,36,000	1,39,99,000	78,39,000	70,68,000
South Indian	46,31,000	1,58,000	23,90,000	13	5,21,000	...	...	86	3,04,000	65,000	80,69,000	78,38,000	42,05,000
Burma	21,65,000	15,000	3,50,000	...	...	111	4,80,000	297	4,27,000	1,99,000	36,36,000	38,07,000	31,20,000
Other Railways	23,88,000	...	55,000	...	1,06,000	...	4,00,000	...	10,00,000	76,000	40,25,000	38,79,000	24,74,000
Total	5,51,00,000	88,30,000	1,32,61,000	405	1,95,25,000	514	74,90,000	5,317	1,59,30,000	40,78,000	12,42,14,000*	9,97,48,000	7,62,26,000

* The total provision proposed for 1923-24 is Rs. 12,50,00,000 the balance being unallocated.

APPENDIX C

Important station remodelling schemes for which provision is being made in 1923-24.

Railways.	Stations.	Total estimated cost.	Approximate outlay to and in 1922-23.	Proposed provision for 1923-24.
		Rs.	Rs.	Rs.
Eastern Bengal	Parbatipur . .	6,00,000	...	4,00,000
	Katihar . . .	11,80,000	83,000	2,00,000
Bombay, Baroda and Central India .	Ahmedabad . .	55,60,000	40,05,000	13,32,000
	Bulsar . . .	14,83,000	1,88,000	4,00,000
	Grant Road . .	3,47,13,000	19,03,000	52,30,000
Oudh and Rohilkhand . . .	Lucknow . .	67,00,000	...	5,00,000
Burma	Mandalay . .	6,54,000	2,54,000	2,50,000
Great Indian Peninsula . .	Poona . . .	41,54,000	9,41,000	10,50,000
	Nagpur . . .	93,62,000	81,04,000	6,00,000
	Victoria Terminus .	69,12,000	...	9,00,000
	Bhusawal . .	10,00,000	...	2,00,000
	Gwalior . . .	10,28,000	...	5,14,000
South Indian	Madras Beach . .	14,00,000	...	70,000
	Trichinopoly Junction	10,00,000	...	2,53,000
	Trichinopoly Fort .	8,00,000	...	92,000
	Erode Junction .	8,00,000	...	1,24,000
North-Western	Gujranwala . .	11,28,000	3,27,000	4,50,000
	Peshawar . .	10,00,000	...	4,00,000
Madras and Southern Mahratta .	Bezwada . .	37,25,000	32,35,000	1,70,000
	Jalarpet . .	15,00,000	...	1,15,000
	Arkonam . .	9,38,000	25,000	2,00,000
	Hubli . .	20,00,000	...	75,000

It is stated that the above list includes all the most important works of remodelling, and that the work covered in each case is not confined to station buildings but covers remodelling of station yards and connected improvements.

PART III.

POSTS AND TELEGRAPHS DEPARTMENT.

The estimates for 1922-23, including a supplementary estimate for Rs. 2,11,000, compare with the actual receipts and expenditure in 1913-14 and the revised estimate for 1921-22 as follows :—

	Expenditure.	Receipts.
	Rs.	Rs.
1913-14, Actuals . . .	4,71,31,000	5,14,89,000
1921-22, Revised Estimate .	9,85,35,000	8,89,26,000
1922-23, Budget Estimate .	10,19,27,000	10,91,19,000

2. Reliable data of the total capital expended by the Posts and Telegraphs Department are not readily available but we have been supplied with the following approximate figures which illustrate the large development which has taken place in telegraphs and telephones since 1913-14.

Head.	Total capital expended up to 31st March.		Increase.
	1914.	1922.	
	Rs.	Rs.	Rs.
Posts	Not available.	1,68,97,504	...
Telegraph and telephone buildings . . .	1,13,53,408	1,60,91,994	47,38,586
Telegraphs . . .	11,03,47,894	15,19,96,401	5,45,30,336
Telephones . . .		1,27,81,829	

A considerable portion of the above capital has been provided out of surplus revenues and we are informed by the Director-General that sufficient allowance has not been made for depreciation in arriving at the capital expenditure on which interest should be charged as part of the working expenses of the Department. The matter is, however, now under investigation.

3. Accounts on a commercial basis are not prepared for the Postal, Telegraph and Telephone services but *pro formâ* Profit and Loss statements are compiled by the Director-General and published in his annual administration report. We have been supplied with the following statement showing the results for 1921-22 compared with those for 1913-14 but no forecast for 1922-23 is available.

Pro Formâ Accounts.

Department.	1913-14, Actuals.		1921-22, Rough Actuals.	
	Revenue.	Expenditure.	Revenue.	Expenditure.
	Rs.	Rs.	Rs.	Rs.
Postal	3,80,44,572	3,39,19,530	6,14,76,922	6,72,48,791
Telegraph and Telephone . . .	1,85,78,406	1,42,20,653	3,48,08,667	3,02,17,261
	5,66,22,978	4,81,40,183	9,62,85,589	9,74,66,052
Excess or Deficit .	+84,82,795		—11,80,463	

These *pro formâ* accounts shew the approximate financial results of the working of the Department but no allowance has been made for interest on capital, depreciation, etc., in the Telegraph and Telephone figures for 1913-14, or in the Postal figures for either year. On the other hand the Postal figures include the cost of all stores purchased, whether required for Capital or Revenue Works. Other adjustments appear to be necessary and

we are informed that steps are now being taken to place the accounts on a more satisfactory footing.

4. The volume of Post Office business is largely dependent upon trade and industrial conditions and the following statement shews that there was a considerable increase in practically all classes of business in 1921-22 compared with 1913-14 :—

Classes of articles.	1913-14. (In millions.)	1921-22. (In millions.)	Percentage of increase.
Articles of the letter mail.			
Paid unregistered letters	414·8	550·5	32·7
Unpaid letters	32·9	30·8	—·1
Registered letters and packets. (Ordinary)	15·4	23·6	53·2
Registered letters and packets. (Value-payable)	1·8	5·0	180·4
Insured letters	2·2	3·9	77·8
Postcards	455·9	648 5	42·2
Registered newspapers	56·4	78·3	38·7
Ordinary unregistered packets	57·8	68·3	18·1
TOTAL	1,037·2	1,409·9	35·8
Articles of the parcel mail.			
Ordinary registered parcels	3·4	5·2	40·7
Insured parcels	·7	·9	24·3
Value-payable registered parcels	1·7	5·7	24·5
Ordinary unregistered parcels	·7	·07	90·8
Value-payable unregistered parcels and packets.	6·1	...	...
TOTAL	12·6	12·5	—·8
Number of telegrams	16·9	20·6	22·2
Value of telegrams	Rs. 11·7	Rs. 28·9	147·7
Number of money orders	31	33·6	8·4
Value of money orders	Rs. 565	Rs. 795	40·7
Number of insured articles	3	5	66·6
Declared value of above	Rs. 730	Rs. 1,446	98·08
Number of V. P. articles	9·6	10·7	11·4
Value for recovery on V. P. articles	Rs. 125	Rs. 227	81·6
D. L. O. articles	9·7	14·4	48·4
Post offices	18,946	19,557	3;2
Telegraph Offices (including combined offices).	3,396	3,631	6·9
Telephones	5,193	11,987	130·8
Letter-boxes	49,131	50,117	2
Mileage for conveyance of mails	1,55,806	1,57,838	1·3
Staff	104,603	120,441	15·1

The number of unregistered postal articles handled is computed from the actual figures obtained by a special enumeration taken during the second week in February and August of each year but the remaining figures are actuals taken from the regular statistical returns furnished to headquarters. The decline in parcels is due mainly to the abolition in 1921 of the unregistered V. P. parcel system and partly to the decline in trade.

5. A detailed comparison of the Budget estimate for 1922-23 compared with rough actuals for 1921-22 and the actual expenditure in 1913-14 is given in Appendix A. We deal seriatim with the main heads under which the account is set out.

Salaries.

	Rs.
1913-14, Actual Expenditure	2,77,71,777
1921-22, Rough Actual	5,75,60,834
1922-23, Budget Estimate	5,99,05,370

6. The following statement gives an analysis of the staff employed and the amount paid in salaries for the year 1913-14, compared with the estimates for 1921-22 and 1922-23 :—

Items.	1913-14.		1921-22.		1922-23.	
	Number.	Actuals.	Number.	Revised Estimate.	Number.	Budget Estimate.
		Rs.		Rs.		Rs.
1. Officers . . .	514	28,87,946	618	42,68,550	679	47,50,110
2. Supervising and clerical staff including mail guards, sorters and all clerical staff in post offices, Railway Mail Service, Traffic, Engineering Branches .	37,492	1,25,66,041	43,644	2,75,77,050	46,093	3,03,70,470
3. Telegraphists, Telegraph Masters and Telephone Operators . . .	3,812	46,34,203	4,820	81,07,190	4,550	86,19,440
4. Engineering, supervising and subordinate staff including mechanics, etc. . .	497	2,01,252	841	9,04,900	960	10,20,300
5. Delivery staff (Postmen and Telegraph peons) .	31,207	41,82,982	32,521	84,33,340	29,528	80,29,930
6. Menials, linemen, packers, peons, mail peons and letter-box peons . . .	11,950	14,72,691	17,995	35,77,170	21,440	38,95,620
7. Road and river establishment . .	18,813	19,23,768	19,349	33,68,830	18,676	31,63,220
8. Miscellaneous staff, caretakers, mechanics, etc. .	62	14,193	55	19,990	64	24,280
9. Telegraph Storeyard and Depôts .	158	1,03,406	162	1,77,830	162	2,31,740
10. Telegraph Workshops .	58	70,581	71	1,40,940	71	1,53,330
11. Postal Workshop .	40	19,481	43	31,150	43	32,420
12. Wireless Branch . .	...	...	322	5,54,110	278	8,22,110
		2,80,76,544		5,71,61,050		6,11,12,970
Deduct—Share of establishment chargeable to Telegraph Capital account . .	1	—3,04,767		12,92,700		—12,07,600
	104,603	2,77,71,777	120,441	5,58,68,350	122,444	5,99,05,370

7. This table shews that, whereas the total staff employed has increased from 104,603 in 1913-14 to 122,444 required for 1922-23 or by 17 per cent., the cost of salaries has increased from Rs. 2,80,76,544 to Rs. 6,11,12,970 or by 118 per cent. This large increase is mainly due to the recommendations of the Postal Committee of 1920 under the chairmanship of Mr. Heseltine which resulted in an increase of over Rs. 150 lakhs in the cost of salaries of the clerical, delivery and menial staff for 1921-22. In addition, the pay of the supervising and operating staff of the Telegraph Branch was revised upon the recommendations of a special Committee appointed by Government in the same year, involving a further expenditure of Rs. 35 lakhs. The recommendations of these two Committees have therefore resulted in an increase of Rs. 185 lakhs in expenditure.

8. The number of officers employed has increased from 514 in 1913-14 to 679 or by 32 per cent., whereas the number of other staff has only increased by 17 per cent. The Director-General has agreed that one of the 6 Assistant Directors-General might be dispensed with, saving of Rs. 20,000 and we think that the number of officers should be reduced to the level necessary to maintain the same ratio of officers to other staff as that which obtained in 1913-14. This would effect a total saving of 88 officers costing roughly Rs. 6 lakhs per annum.

9. The sanctioned staff of a post office is fixed according to certain prescribed standards by the application of a time test to the work of the office. We are informed that the time test was recently revised and the standard reduced by about 6 per cent.

It has not been possible for us in the limited time at our disposal to make any exhaustive analysis of the staff employed in relation to the work performed. In order to obtain a general impression of the check exercised we called for the returns in regard to the telegraph staff. The number of telegraph masters and telegraphists employed on 1st April 1922 compared with 1914 and the number of signalling operations performed in each of these years was as follows:—

——	1914.	1922.	Increase per cent.
Telegraph Masters . . .	260	353	37
Telegraphists	2,734	3,436	25·7
Number of signalling operations .	79,437,176	100,455,194	26·4

The basis on which staff is fixed is one telegraphist for every 42,000 signalling operations representing an average hourly outturn of 20 messages per operator during day and night, taking the busy and slack seasons together. On this basis the number of telegraphists required for 100,455,194 signalling operations would be only 2,392 *plus* the standard leave reserve of 17½ per cent., making a total of 2,810, whereas the actual number employed is 3,436, an excess of 626.

We have obtained particulars for 11 of the larger telegraph offices shewing the average number of telegrams dealt with per man per hour by (*a*) the manipulating staff and (*b*) the total staff for 1913-14 and 1921-22 respectively. These particulars are shown in Appendix B. It will be observed that the average number of signalling operations per operator has considerably improved but this is partly due to the transferance to the clerical staff of work formerly performed by telegraphists and there has been a considerable falling off in the output per man of the total staff.

Examining the details we find there are large variations in the number of signalling operations per operator. Further, there appears to be no definite relation between the number of manipulative staff and the total staff of supervisors, operators and non-operators as will be gathered from the following particulars for 1921-22:—

Station.	Manipulative Staff.		Signalling operations.	
	Average number.	Per cent. of total staff.	Number.	Number per operator.
Calcutta	295	45·4	7,094,783	24,050
Bombay	270	40·2	7,961,609	29,487
Madras	136	43·2	3,700,655	27,210
Agra	156	62·9	3,262,381	20,913
Rangoon	66	37·1	2,401,507	36,386
Rawalpindi . . .	62	59·6	1,265,930	20,418
Karachi	59	41·3	1,984,213	33,631

We observe that in 1909, when the whole question of telegraph staff was reviewed, special attention was drawn to the necessity of exercising a close check on the returns rendered and particularly to ensuring that, for small offices, approximately 65 per cent. of the force was placed on operating duties and in larger offices 70 per cent. leaving 35 per cent. and 30 per cent. respectively to cover all supervising and other non-operating duties.

We think that the figures we have quoted indicate that there is a considerable field for economy in the staff employed in the telegraph offices.

10. We also think that some reduction should be possible in the number of engineering, supervising and subordinate staff, including mechanics, which has increased from 497 in 1913-14 to 860 required for 1922-23, an increase of 73 per cent. whereas the line mileage has only increased by 26 per cent. and the wire mileage by 28 per cent. The number of linemen has also increased by 45 per cent. and, although this is partly due to the limitation of the number of hours worked to nine daily, we are of opinion that some economy in staff should also be possible.

With regard to delivery staff we understand that an examination is now being made of the number of deliveries at all post offices and that light deliveries will as far as possible be abolished with a consequent reduction in the number of postmen employed.

The Director-General has agreed that the provision for salaries should be reduced by Rs. 3,67,800 but, as he is estimating for a decrease in revenue which means a decrease in work, we consider this is inadequate. We are informed that the probable saving on the current year's estimate is Rs. 15,63,000 and we are of the opinion that the provision for salaries in 1923-24 should be limited to not more than Rs. 5,74,00,000, a reduction of Rs. 25 lakhs compared with 1922-23 but an increase of Rs. 15 lakhs compared with the revised estimates for 1921-22.

Conveyance of Mails.

11. The main items of expenditure included under this head are as follows:—

— —	1913-14, Actuals.	1921-22, Rough Actuals.	1922-23, Budget Estimate.
	Rs.	Rs.	Rs.
Subsidies	20,93,728	31,07,585	36,37,420
Road and River charges . . .	2,36,964	5,78,448	3,59,700
Railways	30,82,064	35,22,217	43,38,750
TOTAL .	54,12,756	72,08,250	83,35,870

The large increase under "Subsidies" is due to the general rise in prices and the replacement of many horse line services by motors. The daily road mileage of mails increased from 11,568 in 1913-14 to 13,268 in 1921-22, the latter figure including 2,528 miles run by motor cars. The substitution of a motor service for a tonga line usually quadruples the cost and in only a few cases has it been possible to effect economy by utilising motors. We have examined the subsidies paid for each service and find that in the majority of cases contracts have been entered into for 5 years at fixed rates and that few of the contracts can be terminated before 1924-25. We think that the desire to provide improved postal services has led to the introduction of motor transport without due regard to financial considerations, and that many of the existing contracts should be terminated on completion unless more favourable terms, compared with the cost of horse lines, can be obtained. We recommend that, during the present period of financial stringency, no additional motor services should be provided unless economy can be effected thereby, and that, generally speaking, the use of motors should be limited to large towns and important lines where heavy mails are carried.

With regard to horse lines many of the existing contracts are at very high rates compared with 1913-14 and we think that, in view of the fall in prices which has taken place, more favourable terms should be obtainable when the existing contracts come to be renewed.

The increase in Road and River Charges is almost entirely due to extra despatches of mails and increased ferry charges which do not call for special comment.

12. The expenditure included under Railways may be analysed as follows :—

——	1913-14, Actuals.	1921-22, Rough Actuals.	1922-23, Budget.
	Rs.	Rs.	Rs.
Special train hire . . .	2,54,177	6,83,000	6,50,000
Construction of vans .	46,198	4,03,500	3,46,500
Haulage and other payments . .	27,81,389	30,24,540	33,42,250
TOTAL .	30,82,064	41,21,040	43,38,750

The increased expenditure for special train hire is due to increased rates and to the introduction in 1919 of three additional special train services in connection with outward foreign mails. We are informed that one of these services has recently been abolished, saving Rs. 60,000 annually.

The provision of Rs. 3,46,500 under " Construction of Vans " included Rs. 2,10,000 for 7 new vans and Rs. 1,36,500 for additions and alterations to existing vehicles, etc. This expenditure was largely consequent upon the cessation of construction and reduction of repair work during the war period. The Director-General agrees that no provision for new vans will be necessary in 1923-24 and that the expenditure on additions and alterations can be largely curtailed, say, to Rs. 50,000.

In view of all the circumstances the Director-General has agreed to a reduction of Rs. 7 lakhs in the total provision for the conveyance of mails in 1923-24.

Office of Account and Audit.

	Rs.
1913-14, Actual Expenditure	11,29,051
1921-22, Rough Actuals	25,68,072
1922-23, Budget Estimate	28,71,000

13. A considerable portion of the work of this department is measured in statistical units for the purpose of estimating the staff required under normal conditions. We have examined in detail the staff employed in various sections in relation to the work performed and found that in many cases it is *primâ facie* excessive.

Until the present year, the work of the department has been steadily increasing and it was considered sufficient to call upon the Superintendents to justify any additional staff required but no arrangements are in force to bring to light cases of excessive staff in time of falling traffic.

We are informed that the Accountant General, Posts and Telegraphs, is now taking up all cases where staff appears excessive and that reductions to the extent of 60 men have already been effected in the money order section alone. There appears to be considerable room for economy in the other sections and we recommend the provision for 1923-24 be limited to Rs. 25,00,000, a reduction of Rs. 3,71,000.

Travelling Allowances.

	Rs.
1913-14, Actual Expenditure	11,14,354
1921-22, Rough Actuals	25,43,052
1922-23, Budget Estimate	23,55,300

14. There has been a large increase in the cost of travelling allowances. Railway rates and freight charges have increased about 50 per cent.; halting allowances in several localities have been considerably enhanced and in some cases doubled; the scales of travelling allowances on transfer have been raised and other allowances increased. In addition, although the rates of pay have been considerably improved there has been no alteration in the salary limits entitling staff to the higher scales of travelling allowances.

We shall deal further with this question in our remarks under "Pay and Allowances," but we think that considerable economy should be possible in Travelling Allowances in 1923-24 and the Director-General has agreed to a reduction of Rs. 4,61,000.

Stationery and Printing.

	Rs.
1913-14, Actual Expenditure	12,48,848
1921-22, Rough Actuals	41,65,533
1922-23, Budget Estimate	32,21,000

15. We were much struck with the large increase which has taken place in the cost of Stationery and Printing since 1913-14. There has been great waste in the use of telegraph forms, the number printed in 1921-22 being 50 millions although the number of forms actually used for telegrams was under 20 millions. We recognise that it is somewhat difficult to exercise a close check over the use of these forms and the Director-General is endeavouring to reduce the wastage to about 25 per cent. and is reducing his order for forms to 30 millions. We are informed that the print order for telegraph forms in 1923-24 will be curtailed by about Rs. 90,000 and that the total estimate for Stationery and Printing for 1923-24 will be reduced by Rs. 3 lakhs, irrespective of any saving which may be effected by the fall in prices.

Postal Buildings (charged to Revenue).

	Rs.
1913-14, Actual Expenditure . .	7,91,246
1921-22, Rough Actuals . . .	5,83,737
1922-23, Budget Estimate . .	15,19,000

16. The amount expended on Postal Buildings in 1913-14 was Rs. 7,91,246. No expenditure is shown for this year in Appendix A as the charges were included in the Public Works Department estimates.

We discussed in detail with the Director-General the various items included in the 1922-23 Budget and it was agreed that, in view of the present financial situation, many of the projects could be postponed and the expenditure for 1923-24 limited to Rs. 6 lakhs. Subsequently he submitted proposals involving an expenditure of Rs. 9 lakhs distributed as follows :—

Nature of work.	Total cost.	Proposed provision for 1923-24.
	Rs.	Rs.
Major works not commenced—		
New buildings for the Postal Press at Aligarh .	2,70,880	1 24,000
Acquisition of a site for new building for the Byculla town Sub-Office (Bombay) .	64,800	64,800
New building for the combined office at Boundary Road, Rangoon . . .	22,400	22,400
New combined office building at Summer Hill, Simla . . .	27,200	27,200
New combined office building at Chaklala (Rawalpindi) . . .	26,200	26,200
Postmasters quarters, Cawnpore . . .	35,700	35,700
TOTAL .	...	3,00,300
Major works in progress	...	1,82,700
Minor works—		
Lump sum provision for minor works costing less than Rs. 10,000	...	3,80,000
Departmental buildings —		
Lump sum provision for new works . .	...	56,000
TOTAL .	...	9,19,000

The construction of the new Postal Press at Aligarh is an essential part of a larger scheme for the more economic printing and distribution of postal forms and it is estimated that the construction of this building will effect an annual saving of not less than Rs. 60,000. We have not examined this estimate in detail.

With regard to the remaining major works not commenced, we are not satisfied that some of them could not be postponed during the present period of financial stringency. We also think that the lump sum provision for minor works could be reduced and recommend that the total expenditure under this heading should be limited to Rs. 6,00,000.

We are informed that all postal buildings are constructed by the Public Works Department and that outside tenders are not obtained. We consider that outside tenders should in future be obtained for all large buildings and in this view the Director-General concurs.

Supplies and Services.

	Rs.
1913-14, Actual Expenditure	5,68,913
1921-22, Rough Actuals	10,64,374
1922-23, Budget Estimate	12,92,330

17. The expenditure under this heading is mainly for the purchase of miscellaneous stores. A reduction of Rs 70,000 was effected in October 1922 in connection with a demand for a supplementary grant for the over printing of post-cards necessitated by the increase in postal charges. The following statement shows the general position in regard to stores:—

Stores.	Value of stock on hand on 31st March 1922.	Value of purchases in 1922-23.	Value of estimated annual consumption.	Estimated value of stocks on hand 31st March 1923.	No. of weeks' consumption which stocks represent.
	Rs.	Rs.	Rs.	Rs.	
Mail Bags . .	68,023	3,50,733	2,84,386	87,158	16
Letter Boxes . .	17,152	45,164	41,181	8,987	14
Postman's Bags .	7,575	31,180	33,197	4,308	10
Locks . . .	8,958	...	38,487	7,467	10
Scales and weights .	6,219	...	18,364	8,424	19
Hand Carts . . .	2,250	32,653	23,432	346	3
Stamps and seals .	4,305	45,079	33,534	1,153	30
Safes . .	1,519	14,355	13,592	1,539	9
Other supplies .	61,025	1,82,698	1,44,852	19,834	11
Total all Stores .	1,77,026	7,01,862	6,31,025	1,39,216	12

The additional items making up the total expenditure of Rs. 12,92,330 for 1922-23 are as follows:—

	Rs.
Mail bags	3,50,733
Letter boxes	45,164
Postman's bags	31,180
Hand carts	32,653
Safes	14,355
Clocks	7,622
Stamps and Seals	45,049
Other supplies	1,82,698
Motor cars	75,000
Maintenance of motor service	1,56,000
Maintenance of horses and vehicles . . .	14,100
Bags other than mail bags	1,05,267
Miscellaneous articles	2,32,419
TOTAL .	12,92,330

The item of Rs. 3,50,733 includes Rs. 79,500 as part payment of the price, Rs. 2,86,875, of 370,000 kit bags and 10,000 ration bags purchased from the Disposals Board at an exceptionally favourable price, the balance being payable next year. We are informed these bags will make excellent mail bags

at about one-third of the market price for the inferior bags now used and the quantity purchased will cover the requirements for about the next four years.

The Director-General has agreed to limit his requirements for 1923-24 to Rs. 8,89,000, but we are of the opinion that the provision should be further reduced to Rs. 8,00,000, saving Rs. 4,92,000.

Fixed house and ground rents (including Rates and Taxes).

	Rs.
1913-14, Actual Expenditure	9,30,045
1921-22, Rough Actuals	11,99,277
1922-23, Budget Estimate	14,01,160

18. The increase in expenditure under this heading is due to increased rents, rates and taxes and is not susceptible of reduction.

House rent, local and special allowances.

	Rs.
1913-14, Actual Expenditure	8,50,030
1921-22, Rough Actuals	21,92,544
1922-23, Budget Estimate	24,69,060

19. This expenditure may conveniently be sub-divided as follows :—

	1913-14.	1922-23.
	Rs.	Rs.
Post Office	3,24,963	8,98,490
Telegraph Traffic	4,45,927	12,17,840
Telegraph Engineering	79,140	3,52,730

The large increase in the allowances to the Postal Staff is mainly due to the recommendations of Mr. Heseltine's Postal Committee of 1920 that postmen and menials in many expensive localities should be given house rent allowances. The increased cost due to the concessions granted amounts to Rs. 4,00,000. The remaining portion of the increased expenditure is due to improved allowances to officers and other staff sanctioned by the Government of India, increased numbers employed and an extension of house rent allowances to staff not formerly eligible for such allowances.

The staff in Traffic Branch of the Telegraph Department was formerly separated into two services, General and Local in the proportion of 6 to 4, the latter not being eligible for house rent allowances. As a result of the recommendations of Mr. Heseltine's Telegraph Committee, 1920, a new Station Service was substituted for the former Local Service and the proportion of General Service to Station Service men was fixed at 4 to 1. The increased expenditure for 1922-23 compared with 1913-14 is accounted for as follows :—

	Rs.
Increase of about 800 men in General Service Branch . .	3,00,000
Improved rates of house rent allowances	4,00,000
House rent allowances to 250 Telegraphists transferred to General Service and local allowances to staff at Hill Stations . .	1,00,000

The large increase in allowances in the Engineering Branch of the Telegraph Department is mainly due to an extension of the privileges enjoyed by the Traffic Subordinates to the Engineering Staff, and also to increased numbers employed.

20. We consider that the whole question of house rent allowances should be reviewed. The reasons given for granting house rent allowances to General Service Telegraphists is that they are liable to long transfers from one end of India to another at a very short notice. This gave rise to the question of providing them with quarters, and, at places where quarters are not provided, compensation is given in lieu. We do not think that the granting of free accommodation or house allowances to four out of every five telegraphists can

be justified. We are of the opinion that in cases where it is necessary to provide quarters for the staff reasonable rents should be charged and where such accommodation is not available house rent allowances should be granted for a reasonable period only until the men transferred have had an opportunity of finding suitable accommodation.

Apart from any saving which would result from a revision of the allowance, we are informed by the Director-General that the total provision for house rent and local allowances may be reduced to Rs. 22,08,000 for 1923-24, a saving of Rs. 2,61,000.

Subsidies to Cable Companies.

	Rs.
1913-14	*Nil.*
1921-22, Rough Actuals	70,000
1922-23, Budget Estimate	2,90,000

21. This expenditure represents payments to the Eastern Telegraph and the Eastern Extension, Australasia and China Telegraph Companies for working trans-India traffic between Bombay and Madras for through messages to the Far East. The amount paid is the actual audited cost of working up to a maximum of Rs. 2,40,000. The large increase in 1922-23 compared with 1921-22 is due to the duplication of the line to meet increased traffic and to an arrear payment of Rs. 50,000. The transit fees received by the Government on the traffic worked amounted to Rs. 15,49,654 during the 12 months ended May 1922. The provision for 1923-24 has been fixed at Rs. 2,40,000, a reduction of Rs. 50,000 due to the elimination of the arrear payment.

Maintenance of Telegraph and Telephone lines.

	Rs.
1913-14, Actual Expenditure . . .	9,24,284
1921-22, Rough Actuals . . .	12,64,956
1922-23, Budget Estimate . . .	20,95,000

22. The increased expenditure for 1922-23 is due to increased mileage, increased cost of labour and materials and arrears of maintenance which accrued during the war period. We were informed that hitherto it has not been the practice to make any provision for arrears of maintenance and no difference was made when framing the estimate between ordinary maintenance and arrears of maintenance. At our request however we have been supplied with the following analysis of the provision for 1922-23 :—

	Rs.
Maintenance proper	9,69,000
Arrears of maintenance	3,00,000
Minor works (Revenue) . . .	3,81,000
Revenue portion of joint works . . .	4,45,000
TOTAL .	20,95,000

We are informed that in 1921-22 it was found that about 28 per cent. of the wire mileage has not been maintained and over 800 miles of corroded wire had to be renewed, which renewal would in normal times have been spread over several years. No information is however available as to the expenditure necessary to overtake all arrears.

The line and wire mileage to be maintained has increased as follows :—

—	Line.	Wire.	Cable.	Cable conductors.
1913-14	81,143	312,852	450	8,949
1921-22	91,110	381,691	650	31,370
1922-23, Estimates . .	93,500	400,000	700	40,000

The increased mileage appears to be a full justification for the increase in the cost of maintenance proper and we suggest no reduction. The provision for arrears of maintenance and for the revenue portion of joint capital and revenue works can, however, be considerably reduced and the Director-General has agreed to limit the total expenditure for 1923-24 to Rs. 14,95,000, a saving of Rs. 6,00,000.

We are informed that it has not been found possible to carry out the full programme of work for 1922-23 and a saving of Rs. 2,50,000 is therefore anticipated.

Miscellaneous Expenditure (Purchase of Stores, etc.).

	Rs.
1913-14, Actual Expenditure . . .	27,47,900
1921-22, Rough Actuals	1,71,48,718
1922-23, Budget Estimate	1,33,50,000

23. The large increase in expenditure in 1921-22, compared with 1913-14, is due to the general rise in prices, the inclusion of exchange adjustments and the recoupment of stock depleted during the war period. A considerable reduction was effected in 1922-23.

The expenditure may be analysed as follows :—

	Actuals, 1913-14.	Rough Actuals, 1921-22.	Budget Estimate, 1922-23.
	Rs.	Rs.	Rs.
Purchase of stores in India . .	4,39,563	26,61,224	22,60,000
Freight and landing charges . .	40,574	85,594	35,000
Workshop labour and other charges .	2,53,952	5,26,045	5,00,000
Stores returned from works . .	68,239	50,673	20,000
Adjustment for exchange . .	...	48,02,412	36,45,000
Expenditure in England . .	21,36,409	98,65,571	72,90,000
	29,38,737	1,79,91,519	1,37,50,000
Deduct—Sales and issues to other Departments	1,90,837	8,42,801	4,00,000
TOTAL .	27,47,900	1,71,48,718	1,33,50,000

Particulars of the value of stores purchased, issued and sold during the years 1913-14 and 1921-22 and the stock on hand at the end of these years are given in Appendix C. It will be observed that the value of the stores on hand, excluding mobilisation stores held for the Army Department, has increased from Rs. 43,94,000 on the 31st March 1914, representing 50 weeks' supply, to Rs. 1,53,40,000 on the 31st March 1922, representing 76 weeks' requirements. We also examined detailed lists of the more important stores on hand and found that in a large number of cases very heavy stocks were being carried. We are informed that the stocks on hand on the 31st March 1922 were unduly inflated owing partly to the East Indian Railway strike and partly to the fact that indents were made for a larger programme of work than could be carried out with the supervising and line staff available.

Indents for constructional stores from England are usually despatched twice a year and, owing to the time taken between the despatch of the indent and the receipt of the stores in India, the indenting officers aim at having 1½ years' supply in reserve. For general stores one year's reserve has been considered sufficient and for wireless stores 6 to 8 months' reserve. We consider that the requirements for constructional and general stores would be adequately met if the reserve stock on hand at the time of despatching each indent was limited to 9 months' supply.

The Director-General has agreed that the total provision for miscellaneous expenditure in 1923-24 should be limited to Rs. 49,20,000 a reduction of

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Rs. 84,30,000 and, as we are informed that the bulk of this provision is to pay for stores already on order, we do not recommend any further reduction.

This account is of the nature of a suspense account, and revenue is credited with the value of the stores issued to capital. Owing to the restricted capital programme proposed for 1923-24 there will be a reduction of about Rs. 30 lakhs in the credits for stores issued to capital, and the total net saving under this head may be taken at Rs. 54,30,000.

Payments under Postal arrangements with the Lords of His Majesty's Treasury.

	Rs.
1913-14, Actual Expenditure	*Nil.*
1921-22, Rough Actuals	*Nil.*
1922-23, Budget Estimate	3,05,000

24. This payment is in respect of an advance of the contribution payable by India towards the subsidy for the Eastern Mail Service. We understand that the amount of this contribution is at present under consideration with a view to fixing it upon an equitable basis.

We are informed by the Director-General that Rs. 7,00,000 may be required for 1923-24.

Furniture.

	Rs.
1913-14, Actual Expenditure	1,45,970
1921-22, Rough Actuals	3,42,955
1922-23, Budget Estimate	5,42,100

25. The large increase in the expenditure for 1922-23 compared with 1913-14 is due to the rise in prices and the installation of steel shelving in certain offices. No provision is required for steel shelving in 1923-24 and the Director-General has agreed to limit the expenditure on furniture to Rs. 1,66,600, a reduction of Rs. 3,75,500.

Contingencies.

	Rs.
1913-14, Actual Expenditure	14,36,568
1921-22, Rough Actuals	24,14,481
1922-23, Budget Estimate	25,31,390

26. The provision under this heading was reduced by Rs. 35,000 in connection with a supplementary grant for printing. The main items included are the purchase of uniforms, articles of stationery not provided by the Controller of Stationery, cooly hire, railway freight etc. An analysis of the expenditure in 1913-14 and estimated for 1922-23 is as follows :—

	1913-14, Actual Expenditure.	1922-23, Budget Estimate.
	Rs.	Rs.
Fixed stationery charges	2,38,566	3,76,040
Electric power hot and cold weather charges	1,67,051	4,78,240
Liveries and uniforms	1,22,683	4,71,150
Pay and allowances to sweepers	71,412	1,76,790
Country stationery	53,150	1,19,860
Conveyance and packing charges	1,15,432	1,94,350
Miscellaneous and other charges	6,68,274	7,14,960
TOTAL	14,36,568	25,31,390

Fixed stationery charges represent the amount allocated to small Post Offices for stationery not supplied by the Government, and we are informed the provision for 1923-24 will be reduced by Rs. 54,000.

The provision of Rs. 4,78,240 for electric power hot and cold weather charges includes provision for additional installations, and the Director-General informs us that a reduction of Rs. 1,53,300 may be anticipated for 1923-24.

27. The increased cost of liveries and uniforms is due to the recommendations of the Postal Committee of 1920 that all postmen, at any rate, should be supplied with uniforms at the expense of the State, to the free supply of uniforms to the line staff who formerly provided their own clothing and to the higher cost of materials. We have reviewed the scales of clothing, provided for the various classes of employees and have suggested that in certain cases some reductions should be effected and the periods between issues extended. The arrangements for the supply of uniforms are made by the Postmasters General in the various circles for postal and telegraph traffic staff, and by the Directors of Engineering Circles for members of the engineering staff. A comparative statement showing the prices at which contracts were placed for the manufacture of uniforms in the different circles is given in Appendix D and it will be observed that there are large variations in the prices paid in the various circles. We consider that economy would be effected if the contracts for clothing were dealt with in a central office. The Director-General has suggested that the provision for 1923-24 should be fixed at Rs. 4,22,150, a reduction of Rs. 49,000, but we are of the opinion that considerable further economies could be effected and recommend that the expenditure for 1923-24 should not exceed Rs. 4,00,000.

28. The Director-General has also agreed that the provision for country stationery and sealing wax should be limited to Rs. 87,860, saving Rs. 32,000, and that the conveyance and packing charges should be limited to Rs. 1,77,350, saving Rs. 17,000. The total saving proposed by the Director-General under the headings specified amounts to Rs. 3,05,300. For the remaining items, classified as miscellaneous, he suggests further reductions and that the total estimate for contingencies should be limited to Rs. 21,01,390 for 1923-24, a reduction of Rs. 3,95,000. We are of the opinion, however, that further economy under this head could be effected and we recommend that the provision for 1923-24 should be limited to Rs. 19,00,000.

Miscellaneous.

	Rs.
1913-14, Actual Expenditure	9,61,428
1921-22, Rough Actuals	12,83,000
1922-23, Budget Estimate	15,07,000

29. The expenditure under this heading represents the cost of manufacturing postage stamps and post cards, compensation for loss or for damage to insured and other articles, receptacles for foreign mails, and other miscellaneous charges. About Rs. 1½ lakhs of the increased expenditure is due to additional stamps required. Compensation has increased from Rs. 60,000 to 1,80,000 and other miscellaneous charges have increased by about Rs. 50,000. In addition to the budget estimate of Rs. 12,96,000 under this heading, further expenditure of Rs. 3,82,000 was incurred for over-printing of post cards and postage stamps. To meet this expenditure, a supplementary grant of Rs. 2,11,000 was obtained and savings effected under other headings were reallocated to meet the remaining expenditure required. There should, therefore, be an automatic saving of Rs. 2,11,000 for 1923-24, and, in addition, some saving should be possible owing to the fall in prices. We recommend, therefore, that the expenditure should be reduced by Rs. 2,29,000 and fixed at Rs. 12,78,000 for 1923-24.

Maintenance and repair of buildings.

	Postal buildings.	Telegraph buildings.	Total.
	Rs.	Rs.	Rs.
1913-14, Actual Expenditure .	53,821	684	54,505
1921-22, Rough Actuals .	2,62,467	71,923	3,34,390
1922-23, Budget Estimate .	4,23,550	2,14,900	6,38,450

30. In 1913-14, the Post Office was only concerned with the repair of small departmental buildings, the repair of important buildings being in the hands of

the Public Works Department. In 1921-22, the cost of repair of buildings was included in the post and telegraph budget, but we are informed that the figures, which were based upon the demands received from Postmasters General, were incomplete and the demand for that year was consequently small. The figures for 1922-23 contain the full demands for the current year. The Director-General has agreed that the expenditure on postal buildings for 1923-24 should be limited to Rs. 73,550, saving Rs. 3,58,000, and the expenditure on telegraph buildings to Rs. 1,14,900, saving Rs. 1 lakh.

Apparatus and Plant.

	Rs.
1913-14, Actual Expenditure	5,05,520
1921-22, Rough Actuals	11,47,964
1922-23, Budget Estimate	7,96,840

31. The large increase in 1921-22 was due to the fact that during the war very few repairs were made. The expenditure for 1922-23 represents the normal expenditure, and, in view of the general fall in prices of materials, we recommend that the provision for 1923-24 be limited to Rs. 7,00,000.

Interest on debt.

	Rs.
1913-14, Actual Expenditure	*Nil.*
1921-22, Rough Actuals	60,00,000
1922-23, Budget Estimate	66,00,000

32. It was decided in 1921-22 that interest on capital should form part of the working expenses of the Posts and Telegraph Department. As stated previously, we are informed that sufficient allowance has not been made for depreciation in arriving at the capital expenditure on which interest should be charged as part of the working expenses, but we understand that provision of Rs. 68,28,000 is proposed for the budget of 1923-24.

Telegraph Store yards and depôts.

	Rs.
1913-14, Actual Expenditure	2,77,945
1921-22, Rough Actuals	4,41,855
1922-23, Budget Estimate	5,01,950

33. The Director-General has suggested that the provision under this should be reduced by Rs. 17,220. We consider that very few stores will have to be purchased during 1923-24 as the stocks in hand are ample for the requirements of the next twelve months. Further, issues will be reduced owing to the curtailment of work. We observe that the cost of the Alipore Depôt in 1921-22 was about Rs. 3,70,000, equal to 2 per cent. on the turnover of Rs. 1,80,00,000, while in the Bombay Depôt the establishment cost Rs. 69,000 or about one per cent. on the turnover of Rs. 62,00,000 (see Appendix E). Mobilisation stores of the value of Rs. 44 lakhs are held by the Telegraph department on behalf of the military authorities, who have agreed that a reduction of 30 per cent. can be effected. The major portion of the stores released will, no doubt, be available for departmental use, and will consequently enable a further saving to be effected in the purchase of stores, though we have not taken this into consideration.

We consider that the strength of the depôt establishments should be carefully examined as they are, in our opinion, capable of considerable reduction, and we recommend that the provision under this head for 1923-24 be reduced to Rs. 4,00,000, a saving of Rs. 1,01,950.

Telegraph Workshops.

	Rs.
1913-14, Actual Expenditure	58,820
1921-22, Rough Actuals	1,56,738
1922-23, Budget Estimate	1,80,400

34. This expenditure represents the cost of repairing telegraph and telephone apparatus and other revenue expenditure of the Department incurred in the telegraph workshops at Alipore.

With the exception of insulators and wire, practically all the construction stores used by the Telegraph Department, including steel poles, are manufactured at the Telegraph Workshops. In addition, the workshops manufacture all the Morse telegraph apparatus required and carry out all necessary repairs to telegraph and telephone equipments. Many of the stores manufactured are not obtainable in India and we have been supplied with particulars showing that, even where stores are obtainable locally, the cost of manufacture at the workshops, taking all overhead charges into consideration, compares favourably with the price of similar articles obtained elsewhere. We have already referred to the large stocks of stores held by the Department and have suggested a considerable curtailment in the purchases for 1923-24. The bulk of the expenditure of the telegraph workshops is, however, on capital account and does not, therefore, fall under this head, but the Director-General agrees that a reduction of Rs. 30,000 can be effected for 1923-24.

Wireless.

	Rs.
1913-14, Actual Expenditure	53,029
1921-22, Revised Estimate	4,68,390
1922-23, Budget Estimate	4,61,860

35. This service was re-organised in 1921 with a view to its development as a commercial organisation. There are altogether 29 radio stations, but many of these were not designed for commercial conditions and the apparatus is now obsolete. There are 8 coast stations of which 5, *viz.*, those situated at Bombay, Calcutta, Madras, Karachi and Rangoon are said to be essential if telegraph facilities are to be provided between ships in the vicinity of India or Burma and with other parts of the world. Of the remaining 3 stations, those at Victoria Point and Port Blair form the only means of telegraph communication between those places and the main lines, but the station at Diamond Island is of no real value and should be abolished.

We have discussed with the Director-General the question of closing all obsolete stations which can only be worked at heavy loss, and it has been agreed that—

(1) the stations at Patna, Poona and Ishapore should be dismantled,

(2) the station at Maymyo should be partly dismantled and placed in charge of a caretaker, the apparatus being maintained in such condition that it will be available for use on 2 months' notice, and

(3) nine stations, *viz.*, Peshawar, Lahore, Quetta, Delhi, Jutogh, Allahabad, Nagpur, Mhow and Secunderabad should be placed under the care of maintenance parties which will keep the stations in running order and ready for service on six hours' notice.

New stations are being constructed at Mingaladon and Madras which will be capable of carrying out a high speed commercial service in 1923-24. The economies proposed will effect a total saving of Rs. 4,63,000 in 1923-24 of which Rs. 93,630 falls under this head. We are of the opinion, however, that the question of completely dismantling more of the stations should be considered. Many of the existing stations are quite incapable of carrying out commercial traffic and their use would be prohibited by the International Convention within the next three years. We suggest, therefore, that it would be more economical to scrap some of the existing stations and, if necessary, apply any additional savings for the purpose of bringing existing essential stations up to date.

CAPITAL EXPENDITURE.

	Rs.
1913-14, Actual Expenditure . . .	34,31,973
1921-22, Revised Estimate	71,34,861
1922-23, Budget Estimate	1,45,00,000

36. This expenditure represents the outlay of the Telegraph Department on capital account and may be sub-divided as follows :—

	1913-14.		1921-22.		1922-23.	
	Cash.	Stores.	Cash.	Stores.	Cash.	Stores.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1. Telegraph Lines . . .	5,57,298	17,02,999	8,34,800	40,68,304	15,44,000	74,00,000
2. Telegraph Buildings . . .	6,75,165	...	10,17,724	...	25,03,000	...
3. Apparatus and Plant . .	1,04,262	3,92,339	62,310	11,51,723	2,53,000	28,00,000
TOTAL .	13,36,725	20,95,248	19,14,834	52,20,027	43,00,000	1,02,00,000
	34,31,973		71,34,861		1,45,00,000	

37. We have discussed with the Director-General the details of the capital expenditure on telegraph lines included in the current year's budget and, in view of the present financial conditions, he has agreed that the provision for 1923-24 should be reduced to Rs. 61 lakhs, a saving of Rs. 28,44,000 on the provision for 1922-23, and of Rs. 85 lakhs on the original estimates for 1923-24.

The provision for telegraph lines is distributed as follows :—

	1922-23.		PROPOSED ALLOCATION.		SAVING.	
	Cash.	Stores.	Cash.	Stores.	Cash.	Stores.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Railway . .	2,38,100	23,07,100	1,68,600	14,60,700	69,500	8,46,400
Canal . . .	55,400	2,07,400	59,300	2,79,600	—3,900	—72,200
Departmental . .	12,50,500	48,85,500	7,72,100	33,59,700	4,78,400	15,25,800
TOTAL .	15,44,000	74,00,000	10,00,000	51,00,000	5,44,000	23,00,000

The expenditure under railways includes the provision of 5,600 additional miles of wire at a cost of Rs. 19,40,500. The rental charged will yield additional revenue of Rs. 1,31,600. The additional mileage to be constructed for canal lines is 486, the cost involved being Rs. 2,17,000, and the additional revenue Rs. 11,664. There will be no working expenses chargeable to the Telegraph Department in connection with either railway or canal lines as those administrations work their own offices. The cost of maintenance, however, is borne by the Telegraph Department and must therefore be set against the revenue received. We have obtained an estimate of the cost of maintaining the new railway and canal lines, respectively, based upon the average cost of line maintenance and allowing 6 per cent. on the capital cost of construction. On this basis the provision of the additional railway lines will involve an annual loss to the Telegraph Department of Rs. 68,830 and the additional canal lines an annual loss of Rs. 8,646. It is evident, therefore, that the Telegraph Department is subsidizing telegraph lines on behalf of the railway and canal administrations, and we consider that the rental charges should be raised to the figure necessary to ensure that no loss is incurred. Under the present circumstances we feel that railway and canal administrations may be making demands for additional lines which can be financially justified on the present rentals but which could not be so justified if proper charges were made.

38. The Director-General has also agreed that the expenditure on Telegraph Buildings for 1923-24 should be limited to Rs. 12,30,000 which has been allocated as follows :—

	Rs.
Lump provision for automatic telephone exchange buildings, etc.	5,51,100
Sanitary works at Telegraph Workshops, Alipur . . .	22,900
Provision for minor works	1,57,000
Works in progress	4,99,000
TOTAL .	12,30,000

This gives a saving of Rs. 12,73,000.

39. With regard to apparatus and plant it has been agreed that the expenditure for 1923-24 should be limited to about Rs. 21,00,000, a reduction of Rs. 9,53,000. The expenditure has been allocated as follows :—

—	Cash.	Stores.	Total.
	Rs.	Rs.	Rs.
Installation of automatic telephones in stock or on order . . .	73,460	12,74,500	13,47,960
New small telephone exchanges .	20,900	85,500	1,06,400
First fitting of subscribers' offices .	25,000	1,37,500	1,62,500
Apparatus and plant for Railway and Canal offices . . .	53,140	3,00,000	3,53,140
Apparatus and plant for Radio offices	33,000	98,000	1,31,000
TOTAL .	2,05,500	18,95,500	21,01,000

It would be false economy to postpone the installation of the expensive automatic telephone apparatus now in stock or on order. We think, however, that further purchases of this apparatus should be postponed until it can be demonstrated that the substitution of automatic exchanges can be justified financially. We were informed that no data were available on which a correct comparative statement could be prepared between the cost of automatic and ordinary exchanges, and we recommend that an enquiry should be made into this question before further expenditure is incurred.

GENERAL.

40. The Director-General has represented to us the desirability of obtaining adequate financial advice and assistance in the management of this important department. We recommend that a Financial Adviser be associated with him, who should be responsible for the control of existing and proposed expenditure. In our opinion, such an arrangement will ensure that new expenditure is not incurred without careful scrutiny and until the probable commercial results have been fully examined.

CONCLUSIONS.

Having reviewed the expenditure of the Posts and Telegraphs Department we recommend that :—

(1) steps be taken to maintain a strict relation between the telegraph staff employed and the work performed, and to improve the average out-put;

(2) the use of motor services be restricted in future to large towns and important lines carrying heavy mails ;

(3) outside tenders be obtained for the construction of all large Postal and Telegraph Buildings ;

(4) house-rent and local allowances be reviewed and economic rents charged for all staff accommodation provided, subject to the ordinary rule as to limit of salary ;

(5) the reserve stock of constructional and general stores be limited to 9 months' supply ;

(6) contracts for clothing be dealt with at a central office, the scales of clothing provided be reviewed and the period between issues extended where possible ;

(7) a Financial Adviser be associated with the Director-General to assist in the control of existing and future expenditure ;

(8) the Budget Estimate for 1923-24 for the Posts and Telegraphs Department be limited to Rs. 8,82,00,000 including Rs. 1,22,000 transferred from the Indo-European Telegraphs Department, a reduction of Rs. 1,37,27,000 ; and

(9) the capital expenditure on the Telegraph Department be limited to Rs. 94,30,000, a reduction of Rs. 50,70,000.

SUPPLEMENTARY NOTE BY THE HON'BLE MR. PURSHOTAMDAS THAKURDAS ON POSTS AND TELEGRAPHS.

Subsidies to Cable Companies.—Regarding the reference to this in paragraph 21 of the Report of the Committee I feel that the Government of India may usefully examine the desirability of some modification of the agreements with these Companies. A detailed examination of the agreements with the Cable Companies may suggest other legitimate and valuable sources of revenue when compared with conditions on which Cable Companies are allowed to operate in other countries.

PURSHOTAMDAS THAKURDAS.

DELHI;
The 6th February 1923.

APPENDIX A.

Detailed comparison of the expenditure of the Posts and Telegraphs Department in 1913-14, the Revised estimate for 1921-22 and the Budget estimate for 1922-23.

Head.	Actuals, 1913-14.	Rough Actuals, 1921-22.	Budget Estimate, 1922-23.
	Rs.	Rs.	Rs.
I. Salaries	2,77,71,777	5,75,60,834	5,99,05,370
II. Conveyance of mails	54,12,756	72,08,250	83,35,870
III. Office of Account and Audit	10,95,189	24,93,062	27,37,000
IV. Travelling Allowances	11,14,354	25,43,052	23,55,300
V. Stationery and Printing	12,48,848	41,65,533	32,21,000
VI. Postal buildings (charged to Revenue)	...	5,83,737	15,19,000
VII. Supplies and Services	5,68,913	10,64,374	12,92,330
VIII. Fixed house rent and ground rent (including rates and taxes)	9,30,045	11,99,377	14,01,160
IX. House rent, local and special allowances, hill journey and other allowances	8,50,030	21,92,544	24,69,060
X. Subsidies to Cable Companies	...	70,000	2,90,000
XI. Maintenance of Telegraph and Telephone lines (annual repairs)	9,24,284	12,64,956	20,95,000
XII. Miscellaneous expenditure (other than Postal buildings) such as Purchase of Stores, etc. (charged to Revenue)	10,17,000	25,64,000	26,05,500
XIII. Payments under Postal arrangements with the Lords of H. M.'s Treasury	...	...	3,05,000
XIV. Furniture	1,45,970	3,42,955	5,42,100
XV. Contingencies	14,36,568	24,14,481	25,31,390
XVI. Miscellaneous	9,61,428	12,83,000	12,96,000
XVII. Maintenance and repair of buildings (working expenses) :—			
(1) Postal	53,821	2,62,467	4,23,550
(2) Telegraph	684	71,923	2,14,900
XVIII. Apparatus and Plant (working expenses)	5,52,447	11,47,964	7,96,840
XIX. Interest on debt	...	60,00,000	66,00,000
XX. Telegraph Storeyard and Depôts (excluding salaries)	2,27,299	2,75,140	2,88,950
XXI. Telegraph Workshops (Do.)	—468	36,260	39,200
XXII. Aligarh Workshop (Do.)	2,597	5,920	7,560
XXIII. Wireless (Do.)	6,102	4,68,390	4,61,860
TOTAL	4,43,19,644	9,52,18,219	10,17,33,940

The above figures are those supplied by the Department. The totals are not identical with those given in paragraph 1 of our report, the main differences being that the departmental figures for 1913-14 exclude capital expenditure amounting to Rs. 27,60,184 and other minor adjustments; the 1921-22 figures are rough actuals based upon the later data available since the revised estimate was framed.

APPENDIX B.

Statement showing the average number of telegrams dealt with per officer in 11 important offices in India and Burma based upon counts taken during one week in the busy and slack seasons respectively.

	1913-14.									1921-22.								
	SIGNALLING OPERATIONS.						AVERAGE STAFF.		No. of messages (service messages not included).	SIGNALLING OPERATIONS.						AVERAGE STAFF.		No. of messages (excluding service messages).
	AVERAGE PER OPERATOR PER HOUR.				AVERAGE PER TOTAL STAFF PER HOUR.					AVERAGE PER OPERATOR PER HOUR.				AVERAGE PER TOTAL STAFF PER HOUR.				
	Busy season.		Slack season.							Busy season.		Slack season.						
	Day.	Night.	Day.	Night.	Busy season.	Slack season.	Manipulating.	Total.		Day.	Night.	Day.	Night.	Busy season.	Slack season.	Manipulating.	Total.	
Calcutta	16	11	17	9	9	9	278	481	6,322,493	20	17	17	16	8	7	295	650	7,094,783
Bombay	19	13	16	13	10	9	220	411	5,937,255	25	19	20	17	8	7	270	672	7,961,609
Madras	19	13	18	14	11	10	131	228	3,339,005	21	12	14	9	10	7	136	315	3,700,655
Agra	21	13	20	14	15	14	116	179	2,528,598	19	15	23	19	11	14	156	248	3,262,381
Lahore	22	14	21	14	14	14	83	120	1,696,542	22	19	23	18	12	12	120	204	2,934,397
Rangoon	17	11	15	10	10	9	55	144	2,131,984	19	12	18	14	8	9	66	178	2,401,507
Rawalpindi	18	14	19	16	11	12	46	61	630,804	21	17	24	23	11	12	62	104	1,265,930
Karachi	18	10	18	15	9	10	12	98	1,523,681	24	13	20	18	8	8	59	143	1,984,213
Lucknow	19	15	17	12	13	11	31	52	741,591	22	23	18	17	13	11	36	62	927,533
Ahmedabad	20	19	16	12	11	9	Not available.			26	20	22	15	13	11	35	63	897,567
Allahabad	18	12	17	9	11	10	27	54	684,134	16	11	19	13	9	11	37	72	802,573

NOTE—Totals under average staff includes supervisors, operators, non-operators (Telegraphists and Clerks) and represent the average staff for the year, excluding leave reserves.
The standard adopted in British Post offices is 24 and 20 operations per manipulative staff in the busy and slack seasons respectively and 14 per total staff.

APPENDIX C.

Stores purchased, issued and sold during the years 1913-14 and 1921-22 and stock on hand at end of each of these years.

Year ended 31st March.	Purchases during year.	Issues during year.	Stock on hand at end of year.	Number of weeks' consumption which stock represents.	Stock sold or otherwise disposed of			Remarks.
					Sold.		*Written off or otherwise disposed of*	
	Value.	Value.	Book value.		Book value.	Price realised.	Book value.	
	Rs	Rs.	Rs.		Rs.	Rs.	Rs.	
1913-14	47,43,702	45,30,701	43,94,000 6,15,000*	50	1,01,163	62,906	1,34,885	
1921-22	1,84,72,079	1,02,76,659	1,53,39,711 44,09,571*	76	2,04,200	1,09,960	2,72,267	
1922-23, Estimated	99,09,700	1,03,86,000	2,14,65,262† 44,09,571*	107	1,99,275	Not known.	1,70,000	

*Represents value of mobilization Reserves.
† Includes also stores due on indent or under manufacture.

APPENDIX D.

Statement showing the rates at which uniforms were obtained in different Circles for different classes of men during 1921-22.

Circles.	Postmen.		Menials.		Telegraph peons.		Engineering Staff.	
	Summer uniforms.	Winter uniforms.	Summer uniforms.	Winter uniforms.	Summer uniforms.	Winter uniforms.	Summer uniforms.	Winter uniforms.
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs.
Bengal and Assam	*17 12 0	30 0 0	10 0 0	22 8 0	*17 4 0	16 0 0	...	...
Bihar and Orissa	13 12 0	30 0 0	12 0 0	28 8 0	12 12 0	...	...	...
Bombay	9 0 0	25 0 0	9 8 0	22 8 0	*14 2 0	16 12 0	...	...
Burma	*18 0 0	...	*18 0 0	...	*18 0 0	...	...	...
Central Circle	9 0 0	...	8 0 0	...	10 4 0	...	..	...
Madras	*17 0 0	18 10 6	*16 4 0	18 2 6	*17 2 0	18 0 0	...	...
Punjab and North-West Frontier	*16 10 0	22 4 0	*16 10 0	17 15 6	...	22 4 0	...	...
United Provinces	10 2 6	18 1 0	9 11 0	16 13 0	10 2 6	18 12 0	...	...
Director, Telegraph Engineering, Eastern Circle, Calcutta.	...	...	...	...	...	...	12 0 0	20 0 0
Director, Telegraph Engineering, Western Circle, Bombay.	...	...	...	...	...	...	12 8 0	...
Director, Telegraph Engineering, Northern Circle, Lahore.	...	...	...	...	...	...	12 0 0	16 0 0
Director, Telegraph Engineering, Southern Circle, Madras.	...	...	...	...	...	...	12 0 0	20 0 0
Director, Telegraph Engineering, Burma Circle, Rangoon.	...	...	...	...	...	...	7 8 0	12 8 0
Director, Telegraph Engineering, United Provinces Circle, Lucknow.	...	...	...	...	...	...	12 0 0	13 12 0

* Note.—Cost of two suits less one or two items in certain cases.

APPENDIX E.

Statement showing cost of establishments at Store Depôts, value of stores purchased and issued during 1921-22 and Stock on hand at end of year.

Name of Depôt.	Capacity of Storeyard.		Cost of Establishment.	Value of receipts during year.	Value of issues during year.	Value of Stock on hand at end of year.	Average number of weeks' consumption which stocks represent.	Remarks.
	Area in square yards.	Approximate number of monthly requirements which can be accommodated.	Rs.	Rs.	Rs.	Rs.		
Madras	14,300	20	31,757	8,23,219	4,44,915	8,56,973(a)	100	
Rangoon	17,150	24	30,363	10,46,356	4,19,995	9,99,866(a)	123	
Calcutta	23,400	24	3,69,443	1,05,01,359	75,59,051	52,26,710 17,72,475(b)	36	
Karachi	10,270	24	15,855	33,08,917	10,35,251	35,27,553(a) 13,16,444(b)	177	
Lahore	23,750	24	(c)	8,98,980	8,07,152	6,62,474(a) 13,20,652(b)	43	
Bombay	45,000	24	68,761	32,84,801	29,98,219	25,22,119(a)	44	
Total	1,33,870	...	5,16,179	1,98,63,632	1,32,64,583	1,82,05,266	...	

Notes.—(a) Large stock held said to be due to provision for Budget works which were not carried out owing to shortage of staff.
(b) Mobilization Reserve Stocks.
(c) Charges for temporary establishment debited to North-West Frontier War 1919.

INDO-EUROPEAN TELEGRAPH DEPARTMENT.

The estimates for expenditure and receipts in 1922-23 compare with the revised estimates for 1921-22 and the actual expenditure and receipts in 1913-14 as follows :—

	Expenditure.	Receipts.
	Rs.	Rs.
1913-14, Actual Expenditure	23,18,000	31,89,000
1921-22, Revised Estimates .	45,17,000	53,39,000
1922-23, Budget Estimates .	43,35,000	46,98,000

2. The Indo-European Telegraph Department, the headquarters of which are in London under the direct control of the Secretary of State, maintains and works telegraph systems in the Persian Gulf and Persia, the latter being worked under agreements entered into between His Majesty's Government and the Persian Government.

The systems comprise a network of cables and landlines, the main sections of which are from Karachi to Teheran and from Karachi to Fao (Iraq). The system from Karachi to Teheran is the connecting link between India and the Indo-European Telegraph Company's line which runs from England through Germany and Russia to Teheran. In normal times it formed part of a through route between Europe and India and was the only effective alternative route to that formed by the Eastern Telegraph Company's cable system. During the War the Indo-European Telegraph Company's line ceased to function but we are informed that it is being re-established and will probably be again open for traffic at an early date.

3. There is a working agreement between the Department, the Indo-European Telegraph Company, the Eastern Telegraph Company and the Eastern and South African Telegraph Company known as the Cis-Indian Joint Purse under which the revenue accruing to each of the partners on messages exchanged with India and places beyond India is pooled in agreed proportions. The following statement shews the total receipts for the year 1913-14, and estimated for 1921-22 and 1922-23 ; also the total capital expended up to the end of each of these years, sterling being converted at the rate of £1 = Rs. 15, in all cases.

Year.	Capital expended to 31st March.	Receipts.		
		From Joint Purse.	Other receipts.	Total.
	Rs.	Rs.	Rs.	Rs.
1913-14, Actuals .	1,51,2 ,000	7,00,000	24,89,000	31,89,000
1921-22, Estimated . .	1,84 93,000	29,00,000	23,84,000	53,39,000
1922-23, Estimated . .	18,24,800	21,00,000	25,98,000	46,98,000

This table shews that the increased revenue compared with 1913-14 is almost entirely due to payments received under the Joint Purse agreement. These payments represent the excess amounts drawn out by the Department after deduction of the amounts contributed by them to the Joint Purse and there is no doubt that the arrangement has proved very advantageous financially to the Department. It appears that, although the Indo-European Telegraph Company has not functioned since the war broke out, the Eastern Telegraph Company have continued to pay into the pool their share of the receipts. The Indo-European Department and the Government of India have consequently received their full share of the pool and in this way have received since 1913-14 a net payment of £808,440 up to 31st March 1921.

4. The expenditure may conveniently be divided under the main heads shewn below:—

—	Actuals, 1913-14.	Revised Budget, 1921-22.	Budget, 1922-23.
	Rs.	Rs.	Rs.
Salaries	4,92,118	10,93,840	12,50,711
Travelling allowances	55,037	1,69,560	1,77,760
Other allowances	81,543	6,55,400	7,12,959
Repairs to Lines	46,574	1,88,196	1,32,156
Repairs to Buildings	24,395	1,00,200	84,100
Apparatus and Plant	4,632	1,17,100	1,02,600
Stationery and Printing	14,042	58,000	58,000
Subsidies and Line Rentals	92,232	1,22,304	1,22,304
Contingencies and Miscellaneous	1,14,963	4,68,616	4,78,074
Cable Repairs	8,586	3,83,020	1,75,912
Cable Factory	36,384	1,29,280	79,840
Cable Steamer	1,28,276	2,88,700	2,57,248
For rounding	...	—156	—664
	10,98,782	37,74,000	36,31,000
Expenditure in England	12,19,000	8,61,000	7,35,000
Total Expenditure	23,17,782	46,35,000	43,66,000
Less Debits to Capital	...	1,18,000	31,000
Total Revenue Expenditure	23,17,782	45,17,000	43,35,000

We now deal seriatim with the expenditure under each main heading.

5. *Salaries*—

	Rs.
1913-14, Actual Expenditure	4,92,118
1921-22, Revised Estimate	10,93,840
1922-23, Budget Estimate	12,50,711

The salaries paid are mainly based upon those for similar grades in the Indian Posts and Telegraphs Department and were increased in 1920 in accordance with the improved rates granted to the staff of the Posts and Telegraphs Department under the recommendations of Mr. Heseltine's Postal and Telegraph Committees.

A comparison of the staff employed in each section and the cost of salaries for 1913-14 and estimated for 1921-22 and 1922-23 is as follows:—

—	1913-14, Actuals.		1921-22, Revised Estimates.		1922-23, Budget Estimates.
	No.	Rs.	No.	Rs.	Rs.
Officers (including whole and part time Medical Officers).	23	1,21,643	42	3,27,038	3,63,318
Signalling Establishment.	154	2,47,156	288	5,68,180	6,57,708
Line Establishment	194	78,805	228	92,920	97,220
Clerical Establishment.	34	23,689	52	61,008	68,244
Servants	150	20,825	170	44,694	49,221
Lump sum for leave arrangements.	...	...	...	...	15,000
TOTAL	555	4,92,118	780	10,93,840	12,50,711

The increase in the number of Officers employed is due mainly to increased responsibilities and to the necessity of providing a better outlet for promotion from the grades of General Service clerks, as formerly these clerks were unable to become Assistant Superintendents until after an average of about 23 years' service. The additional signalling establishment was necessitated by the opening of new routes and additional traffic, the number of paid words carried over the Department's system having increased from 3,812,319 in 1913-14 to 7,095,041 in 1921-22. The average number of words telegraphed annually per man employed shows a slight reduction from 24,755 to 24,636 and we are of the opinion that steps should be taken to improve the out-put per man as better results should be obtainable with the increased traffic now being dealt with. We understand, however, that any reduction of staff is not possible as the full number will be required immediately on the re-establishment of the Indo-European Telegraph Company's route.

The increase in Line establishment from 194 in 1913-14 to 228, or by 18 per cent., appears fully justified by the additional mileage maintained which has increased from 3,295 miles in 1913-14 to 4,593 miles at the present time or by 39 per cent.

6. *Travelling allowances—*

	Rs.
1913-14, Actual Expenditure	55,037
1921-22, Revised Estimate	1,69,560
1922-23, Budget Estimate	1,77,760

The increase under this heading is due to additional staff and improved allowances. In view of the probable re-opening of the Indo-European Telegraph Company's route we make no recommendation.

7. *Other allowances—*

	Rs.
1913-14, Actual Expenditure	81,543
1921-22, Revised Estimate	6,54,400
1922-23, Budget Estimate	7,12,959

The expenditure for 1922-23 compared with 1913-14 may be analysed as follows:—

Allowances.	1913-14.	1922-23.
	Rs.	Rs.
House and Local	28,740	2,87,925
Grain Compensation	5,233	9,700
Famine Prices Compensation	22,573	36,140
Miscellaneous	24,997	2,54,364
Customs	...	11,200
Kran Compensation	...	1,06,330
Conveyance	...	7,300
TOTAL	81,543	7,12,959

The increase in House and Local allowances is mainly due to special local allowances of Rs. 1,17,662 to staff in Signal Offices in the Persian section; to a general increase in house and other allowances, and to increased staff. We are informed that a saving of Rs. 30,000 will be effected in the Persian section for 1923-24.

The Kran compensation allowance will not be required for 1923-24 if the rupee maintains its present exchange value in relation to the Kran. A considerable reduction should also be possible under miscellaneous allowances, some of which will be automatically reduced by the enhanced value of the rupee in relation to the Kran.

In view of the improved conditions now obtaining and the general fall in prices, we think that the total provision for other allowances should be limited to not more than Rs. 4,50,000, a reduction of Rs. 2,63,000.

8. *Repairs to Lines*—

	Rs.
1913-14, Actual Expenditure	46,574
1921-22, Revised Estimate	1,88,196
1922-23, Budget Estimate	1,32,156

The increased expenditure since 1913-14 is due partly to the greater mileage to be maintained but mainly to the increased cost of stores and materials. We are informed that there are no arrears of maintenance and, in view of the large stocks of construction stores held and the fall in prices, we consider that the provision for 1923-24 should be reduced to Rs. 1,00,000, saving Rs. 32,156.

9. *Repairs to Buildings*—

	Rs.
1913-14, Actual Expenditure	24,395
1921-22, Revised Estimate	1,00,200
1922-23, Budget Estimate	84,100

The provision for 1922-23 included some expenditure on buildings for three wireless stations, but the increase since 1913-14 is mainly due to the higher cost of labour and materials. We consider the provision for 1923-24 should be limited to Rs. 70,000, saving Rs. 14,100.

10. *Apparatus and plant*—

	Rs.
1913-14, Actual Expenditure	4,632
1921-22, Revised Estimate	1,17,100
1922-23, Budget Estimate	1,02,600

There are no arrears of maintenance and the increased expenditure since 1913-14 is due mainly to the expensive apparatus required for the wireless offices and to the introduction of improved instruments to deal with increased traffic. We understand that a considerable reduction may be anticipated in the requirements for 1923-24, and recommend that the provision be limited to Rs. 70,000, a reduction of Rs. 32,600.

11. *Stationery and Printing*—

	Rs.
1913-14, Actual Expenditure	14,042
1921-22, Revised Estimate	58,000
1922-23, Budget Estimate	58,000

We are informed that one year's supply of stationery and stores is maintained at Karachi and that in addition the stations are supplied with enough stock to meet their requirements throughout the year until the supplies obtained under the next indent are available. We discussed the matter with the Director at Karachi who agreed that in future only six months' requirements need be kept on hand at the Karachi Depôt.

The increased expenditure since 1913-14 is due mainly to increased business and higher prices, but in view of the reduced stock to be maintained and the fall in prices, we consider that the provision for 1923-24 should be limited to Rs. 30,000, a reduction of Rs. 28,000.

12. *Subsidies and Rentals*—

	Rs.
1913-14, Actual Expenditure	92,232
1921-22, Revised Estimate	1,22,304
1922-23, Budget Estimate	1,22,304

The increased expenditure since 1913-14 is due to the higher rental paid to the Indian Post and Telegraph Department for the use of the telegraph line between Nok-Kondi and the Persian Frontier, to higher rental paid to the Persian Government for the Central Persia Line and to an increase in the estimated balance of the Jask Royalty to be paid to the Persian Government. We understand that these payments are not susceptible of reduction.

13. *Contingencies and Miscellaneous—*

	Rs.
1913-14, Actual Expenditure	1,14,963
1921-22, Revised Estimate	4,68,616
1922-23, Budget Estimate	4,78,074

Included under this head is the provision of Rs. 1,12,000 in 1921-22 and Rs. 1,22,000 in 1922-23 for the maintenance and working of the Meshed-Seistan-Duzdap telegraph line. The Meshed-Seistan section is a Persian Crown line and normally is maintained and worked by the Persian Telegraph Administration. The Seistan-Duzdap section is an Indo-European Telegraph Department line. Both these sections were taken over by the British military authorities during the war and until November 1920, when the Indian Posts and Telegraphs Department took control. It was at one time proposed that the working should be transferred to the Indo-European Department, and provision for the expenditure was therefore made in their 1921-22 and 1922-23 Budget Estimates. We are informed that it has now been decided that the charges will in future be debited to the Indian Posts and Telegraphs Department who have administered the line since it was taken over from the military authorities.

A further charge of Rs. 1,00,000 is included under this heading for the amortization of the capital cost of certain telegraph lines and buildings which revert to Persia at the expiration of our concessions.

Apart from these two items the increase in the expenditure is from Rs. 1,14,963 in 1913-14 to Rs. 2,56,074 required for 1922-23. We have examined in detail the various items making up these amounts and find the increase is mainly due to increased cost of labour and transport, to the provision of uniforms to line staff as in the Indian Posts and Telegraphs Department, to the provision of electric lights and fans at Karachi and Bushire, to provision for additional offices, including 4 new Radio offices, and to other miscellaneous expenditure.

We consider that a substantial saving should be possible under this head and recommend that the total provision for 1923-24 should be limited to Rs. 3,00,000, a reduction of Rs. 1,78,074, including Rs. 1,22,000 transferred to the Indian Posts and Telegraphs Department.

14. *Cable Repairs—*

	Rs.
1913-14, Actual Expenditure	8,586
1921-22, Revised Estimate	3,83,020
1922-23, Budget Estimate	1,75,912

We are informed that it is difficult to forecast the requirements under this head as the expenditure necessary depends upon the number and extent of the interruptions which occur. Since 1913-14 the cable mileage has increased from 1,944 nautical miles to 2,273, but in view of the heavy expenditure which has been incurred during recent years and the fall in prices which has taken place, we think that the provisions for 1923-24 might be limited to Rs. 1,00,000, a reduction of Rs. 75,912.

15. *Cable Factory—*

	Rs.
1913-14, Actual Expenditure	36,384
1921-22, Revised Estimate	1,29,280
1922-23, Budget Estimate	79,840

The factory is used for renewing the armour of cable recovered from the sea and for the manufacture into armoured cable of cable core imported from England. The expenditure in 1921-22 included provision for the replacement of the cable making machine which had become unserviceable. In view of the fall in prices which has taken place we consider the estimate for 1923-24 should be limited to not more than Rs. 70,000, a reduction of Rs. 9,840.

16. *Cable Steamer—*

	Rs.
1913-14, Actual Expenditure	1,28,276
1921-22, Revised Estimate	2,88,700
1922-23, Budget Estimate	2,57,000

The Cable Steamer " Patrick Stewart " is 1,100 tons gross and originally cost £27,362. She is now 43 years old and is expected to last another two years.

A comparison of the expenditure is 1913-14 and estimated for 1922-23 is as follows :—

—	1913-14, Actuals.	1922-23, Budget Estimate.
	Rs.	Rs.
Salaries, wages and allowances	60,370	1,06,164
Provisions	17,376	28,000
Moving fees and Pilotage	2,392	6,000
Coal	8,604	54,500
Stores	17,331	40,000
Repairs	21,364	14,000
Apparatus and Plant	...	6,000
Miscellaneous	839	2,584
TOTAL	1,28,276	2,57,248

We ascertained that the budget provision for coal and stores was based upon the average of the last 3 years and that, whereas Rs. 55,000 was provided for the purchase of coal in 1921-22, the actual book value of the coal used was only Rs. 27,745. Similarly with stores the provision for 1921-22 was Rs. 40,000 and the book value of the stores issued only Rs. 31,590. Although the actual consumption of coal and stores was far less than the Budget Estimate the provision made for 1922-23 was coal Rs. 54,500 and stores Rs. 40,000. The total value of coal and stores purchased and issued in 1913-14 and in 1921-22 and the stock in hand at the end of each of these years is given in Appendix A. In view of the stocks held, the large difference between the value of the stores issued and the budget provision, and the fall in prices which has taken place we consider the estimate for coal and stores for 1923-24 should be curtailed. Reductions should be made in salaries, wages, allowances and in the cost of provisions on account of falling prices and we recommend that the total provision for 1923-24 should be limited to Rs. 1,57,000, a reduction of Rs. 1,00,000.

We have also examined the log of the " Patrick Stewart " for the period from September 1918 to July 1922 inclusive, and find that during these 47 months the vessel was lying at her moorings in Karachi harbour for no less than 968 days, and that, apart from the time spent going to and from the various places where repairs were required, the actual time spent on repairs was only 113 days.

We consider that the possibility of coming to a favourable arrangement with some commercial cable company which has a steamer near at hand, for the repair of the Department's cables should be explored before any steps are taken to replace the existing steamer. This suggestion is subject to the decision which may be arrived at on the larger question raised in paragraph 18.

17. *Expenditure in England* (sterling converted at £1=Rs. 15)—

	Rs.
1913-14, Actual Expenditure	12,19,000
1921-22, Revised Estimate	8,61,000
1922-23, Budget Estimate	7,35,000

The expenditure in England in 1922-23 consists of Rs. 52,500 for General Superintendence in the London Office, the staff of which has not increased since 1913-14, and Rs. 6,82,500 for payments to the Eastern Telegraph Company for their share of through traffic collected by the Department.

18. *General*—

We are informed that the Government of India have proposed the immediate transfer of control of the Department from the Secretary of State to the High Commissioner and an inquiry into the question whether the work of the

Department cannot be carried on by the Indo-European or some other British Company. Considerable difficulty must inevitably be experienced in the administration and control of this undertaking by a Government Department either in England or India, and if it can be disposed of on favourable terms, we are of the opinion that the proceeds could be more usefully employed in meeting the many urgent needs for productive capital expenditure in India. We recommend that until a decision has been arrived at on this proposal, no expenditure of a capital nature should be incurred.

19. We also think that a proper system of commercial accounts should be introduced. The form in which the accounts of this Department are now prepared is difficult to follow, expenditure in many cases being shown in reduction of receipts and *vice versâ* and various items being included under inappropriate headings.

CONCLUSIONS.

Having reviewed the expenditure of this Department, we recommend that—

(1) steps be taken to maintain a strict relation between the telegraph staff employed and the volume of work performed and to improve the present output per operator;

(2) the necessity for the various existing allowances be examined with a view to curtailment;

(3) the arrangements for purchase and control of stationery and stores be examined and placed on a proper footing, and the stocks held reduced to essential requirements;

(4) the question of disposing of the Government lines to a commercial concern be explored, and if the undertaking is not disposed of, endeavour be made to come to a favourable arrangement with some commercial cable company for the repair of the Department's cables and so admit of the sale of the "Patrick Stewart"; and

(5) the Budget estimate for 1923-24 for the Indo-European Telegraph Department be limited to Rs. 36,01,000, a reduction of Rs. 7,34,000, including Rs. 1,22,000 to be transferred to the Indian Posts and Telegraph Department, giving a net saving of Rs. 6,12,000.

APPENDIX A.

Statement showing Stores purchased and issued during the year 1921-22 and Stock on hand at the end of 31st March 1922.

Nature of Stores.	Value of purchases during the year.	Value of issues during the year.	Stock on hand at the end of March 1922.	Departmental Note.
	Rs.	Rs.	Rs.	
Construction Stores	71,372	86,829	4,81,966*	*Includes Rs. 1,62,300 on account of wire and Rs. 70,500 on account of insulators, both of which articles are unprocurable in India and therefore it was essential to keep a good reserve during the war. Of the Rs. 2,00,113 in hand at the end of March 1921, Rs. 1,62,000 represents the value of paper tape, and articles essential for working the telegraph system and unprocurable in India. A large stock was therefore kept in hand during the war when the consumption was very large. (Rs. 46,000 represents oiled tape, sent out from England when the supply of tape from Belgium failed at the outbreak of war. This has now been condemned.)
Miscellaneous Stores	77,113	52,690	2,00,113	
Tools	4,250	1,998	8,245	
Battery Materials	4,402	36,980	71,333	
Oils and Paints	3,599	6,366	11,575	
Lamps	596	1,029	1 590	
Drugs and Chemicals	3,296	1,059	3,564	
Metals and Marine Stores	2,777	2,792	6,256	
Instruments	27,539	62,368	31,099	
Furniture	3,551	3,282	2,959	
Cable Stores	2,11,676	5,41,083	2,60,004†	†Includes Rs. 1,28,200 wire and Rs. 33,600 cable core, both of which articles are unprocurable in India and of which it was essential to keep a good supply in hand.
Wireless Stores	10,460	11,584	12,793	
Stores lying at Bushire. Returned from line as surplus stores	36,700	11,570	87,605	
Stores lying at Naiband. Returned from line as surplus stores	7,854	20,629	1,12,804	These were sent to Naiband for the construction of a line from Bunderabbas to Kerman ; the work was stopped at the Peace and the stores are kept at Naiband in anticipation of the construction of lines from Bunderabbas to Linga and Jask.
Ship Stores	30,214	31,590	5,876	
Coal	42,896	27,745	15,150	

MINUTE OF DISSENT BY THE HON'BLE MR. PURSHOTAMDAS THAKURDAS ON INDO-EUROPEAN TELEGRAPH DEPARTMENT.

This is a commercial Department and the figures from 1913-14 submitted to the Committee show that it has been remunerative to the Government of India, having yielded, on the capital sunk, a return varying from 4·46 per cent. in 1913-14 to 14·58 per cent. in 1919-20 after allowing for a sinking fund of 1 per cent. for depreciation of plant. The capital sunk in this Department is shown to be Rs. 1,78 lakhs in 1920-21 and yielded in that year a net return of 9·76 per cent. after allowing depreciation as above, and debiting to the revenue account Rs. 1,00,000, which is to be written off the capital account annually by way of amortization of assets valued at Rs. 20,57,784, which latter will revert to the Persian Government on the termination of the present Agreements. However no commercial accounts are kept by this Department.

A fairly remunerative commercial Department —though not run on strictly commercial lines.

2. The headquarters of the Department are in London under the direct control of the Secretary of State. This is considered necessary because questions arising under the agreements with the Persian Government coming through His Majesty's Minister at Teheran involve discussion and decision through the Foreign Office with the Treasury, and such questions are regarded as most conveniently conducted by means of the India Office machinery. Questions arising on Joint Purse matters are also regarded as capable of being more conveniently settled by discussion with Telegraph Companies in London than by correspondence to and from India. In 1888 efforts were made to control the Department from India, but the Committee was informed that this was not found successful. In 1893 the control was retransferred to the Secretary of State. The Government of India have desired by a Despatch dated the 20th July 1922 that the control should be transferred to the High Commissioner for India in London.

Headquarters of the Department at London under the Secretary of State.

3. My observations on this Department are based chiefly on the statement submitted to the Committee by the Director-in-Chief of the Indo-European Telegraph Department, who is stationed in London, with the India Office. The Committee were unable to go into the expenditure of this Department in detail as no one in the Secretariat at Delhi could give further information in connection with this Department; and the Director, Persian Gulf Section, who interviewed the Committee could not give detailed information regarding the Persian Section of the Department.

Difficulty of obtaining detailed information regarding this Department.

4. The difficulty in retaining the control of the Department in India appears to be in two directions:—

(i) *Questions arising under agreements with the Persian Government.*

These can be dealt with either by the Persian Consul in India or by one of the Consuls of the Government of India in Persia as long as they have one. If these questions involve the interests of the British Treasury, and necessitate discussion with the Treasury in London, they can be handled by the High Commissioner for India in London under instructions from the Government of India.

Control of the Department necessary in India.

(ii) *Questions concerning the Joint Purse and involving discussion with Telegraph Companies in London.*

These can be handled by the High Commissioner on behalf of the Government of India in London.

An important reason for the headquarters of the Department being in India is that the main expenditure of the Department is in India and the staff

is recruited in India. The following figures give the distribution of the expenditure between England and India:—

—	Expenditure in India.	Expenditure in England (at Rs. 15=£1).	Total.
	Rs.	*Rs.	Rs.
1913-14 (Accounts) . .	10,98,782	*59,132	11,57,914
1921-22 (Revised Estimate)	29,91,000	39,000 (10=£1).	30,30,000
1922-23 (Budget) . .	29,82,000	35,000 (10=£1).	30,17,000

It will be seen that a little more than 1 per cent. of the total is being spent in England. I therefore recommend that in the interests of efficient management and better control over expenditure, the headquarters of the Department be with the Government of India at Delhi, and I am not aware of any valid reasons why this should not be feasible now.

Examination of certain liabilities of this Department necessary.

5. Regarding what my colleagues mention in paragraph 13 of the Report I have not been able to understand the reasons why the Indian Post and Telegraph Department should have taken over the Meshed-Seistan-Duzdap Telegraph Line, entailing a cost of upkeep amounting to Rs. 1,12,000 in 1921-22 and Rs. 1,22,000 in 1922-23. The Meshed-Seistan section of this line belonged to the Persian Government line normally till the war and was controlled by the military authorities during the period of the war. About 1919 it was made over to the Indian Post and Telegraph Department and it appears to be a section that is unremunerative.

Further, the Department shares half the cost of the three wireless stations at Bahreim, Bushire and Henjam with the British Government. This amounted to Rs. 80,000 in 1921-22 and Rs. 1,09,000 in 1922-23. In addition the Department bears the whole cost of the wireless station at Linga, which amounted to Rs. 35,000 in 1921-22 and Rs. 8,660 in 1922-23. These wireless stations, the Committee are informed, were used for communicating with ships and with Bahreim, where there is no cable. A complete examination of the liabilities which are at present incurred by the Government of India in connection with this Department, and particularly in connection with the Meshed-Seistan line and the Wireless Stations in Persia, appears to be necessary.

Joint Purse agreement and the activities of this Department may be examined with advantage.

6. The details regarding the Joint Purse agreement and the advisability of extending or restricting the activities of this Department in Persia require to be thoroughly examined and reviewed. A searching enquiry into all the details connected with this Department by a Committee of the Legislature in India should prove quite useful.

Advisability of selling this Department doubtful.

7. My colleagues recommend an examination of the possibility of selling this concern to a British Company. I cannot agree with them. I am not aware if the circumstances, under which the telegraph lines under this Department were laid at the expense of the Government of India, have changed so as to warrant the idea of selling same or of leasing them to a British Company. The Standing Finance Committee of the Legislature in India would be the proper party to examine the circumstances and find out whether it is advisable or necessary to sell or lease a Department, which is remunerative to the Government of India. This question further involves various agreements with the Persian Government. Until they are completely clear and until other relevant points are gone into with considerable thoroughness, I hesitate to agree with my colleagues in their recommendation to sell this concern.

Agreement with Committee regarding Retrenchment proposals.

8. I agree with my colleagues regarding their proposals for retrenchment.

PURSHOTAMDAS THAKURDAS.

DELHI;
The 6th February 1923.

IRRIGATION.

The estimates for expenditure and receipts in 1922-23 compare with the revised estimates for 1921-22 and the actual expenditure and receipts in 1913-14 as follows :—

	Expenditure.	Receipts.
	Rs.	Rs.
1913-14, Actuals . . .	14,70,000	10,14,000
1921-22, Revised Estimate .	27,11,000	19,96,000
1922-23, Budget Estimate .	24,06,000	20,09,000

2. The expenditure is subdivided under the main heads shown below :—

——	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
Working expenses . . .	4,23,000	12,97,000	13,02,000
Interest on debt for which capital accounts are kept . . .	6,51,000	9,39,000	9,51,000
Other revenue expenditure . .	83,000	1,37,000	1,18,000
Construction of irrigation works from revenue	3,13,000	3,38,000	35,000
TOTAL .	14,70,000	27,11,000	24,06,000

3. Irrigation is a provincial subject and the above figures relate solely to irrigation works in areas under the jurisdiction of the Central Government. The more important of these are the irrigation canals situated in the North-West Frontier Province, the particulars of which are given in the following table :—

Name of Canal.	ESTIMATES FOR 1922-23.		
	Capital outlay to end of year.	Gross receipts.	Working expenses.
	Rs.	Rs.	Rs.
Upper Swat Canal . . .	2,19,53,000	9,92,000	7,38,000
Lower Swat Canal . . .	42,91,000	7,93,000	1,89,000
Kabul River Canal . . .	12,82,000	2,70,000	88,000
Paharpur Canal . . .	9,21,000	31,000	71,000
TOTAL	2,84,47,000	20,86,000	10,86,000

4. The large increase under the head of working expenses from Rs. 4,23,000 in 1913-14 to Rs. 13,02,000 estimated for 1922-23 (*vide* the table in paragraph 2) is mainly due to the fact that the Upper Swat Canal was only opened for irrigation in an incomplete state in 1913-14. This project has failed as a productive work, the net receipts being insufficient to cover the interest charges, but it is said to have had a valuable civilising influence on the tribes of the Upper Swat. The Lower Swat and Kabul River Canals are both useful and remunerative works, but the results of the Paharpur Canal have been disappointing, and the average annual loss on the working of this canal has been Rs. 27,000. It has now been decided to abandon about 20 miles of the lower part of the canal, the control of the remainder being transferred to the district authorities, and it is expected that maintenance charges will be reduced and the canal will pay its way. We are informed that, as the result of the establishment of irrigation on the Upper Swat and the transfer of the Paharpur Canal, it will shortly be possible to close down one out of three irrigation divisions and to effect a reduction of about Rs. 40,000 in establishment charges.

5. The balance of the outlay under "Working expenses" and under "Other revenue expenditure" is incurred on minor works in Baluchistan, Ajmer and elsewhere.

6. It is anticipated that the receipts from Irrigation in 1923-24 will amount to Rs. 21,94,000, and the expenditure to Rs. 22,28,000, the deficit under this head being thus reduced to Rs. 34,000.

7. *Capital expenditure not charged to revenue.*—It is anticipated that Rs. 1,30,000 only will be required for 1923-24 compared with a provision of Rs. 2,69,000 in the budget for 1922-23. This expenditure is required for small improvements and extension of existing works and we make no recommendation.

CONCLUSION.

A reduction of Rs. 1,78,000 is anticipated in 1923-24 in the expenditure on irrigation and we recommend that the closing down of one irrigation division be expedited, and a further saving of Rs. 40,000 effected, giving a total reduction of Rs. 2,18,000.

PART IV.

GENERAL ADMINISTRATION.

The estimate for 1922-23, including a supplementary estimate for Rs. 2,76,000, compares with the revised estimate for 1921-22 and the actual expenditure for 1913-14 as follows :—

	Rs.
1913-14, Actual Expenditure . . .	1,05,22,000
1921-22, Revised Estimate . . .	1,90,22,000
1922-23, Budget Estimate . . .	1,98,57,000

2. This expenditure is subdivided under the main heads shown below :—

——	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
GOVERNOR-GENERAL AND STAFF .	10,63,000	12,25,000	12,82,800
EXECUTIVE COUNCIL . . .	5,50,000	5,40,000	5,33,000
LEGISLATIVE BODIES . . .	1,71,000	7,00,000	8,50,000
SECRETARIAT	34,05,000	64,52,000	70,31,400
ATTACHED OFFICES . . .	5,04,000	10,51,000	11,34,800
PAYMENTS TO LOCAL GOVERNMENTS	...	50,000	44,000
EXPENDITURE IN MINOR ADMINISTRATIONS	9,02,000	21,13,000	22,12,000
DEDUCT LUMP CUT MADE BY ASSEMBLY . .	...	...	5,44,000
ADD SUPPLEMENTARY GRANT .	...	...	2,76,000
	65,95,000	1,21,31,000	1,28,20,000
EXPENDITURE IN ENGLAND AT Rs. 15 = £1 . . .	39,27,000	68,91,000	70,37,000
	1,05,22,000	1,90,22,000	1,98,57,000

We now deal with the various main heads under which the account is divided.

GOVERNOR-GENERAL AND STAFF.

	Rs.
1913-14, Actual Expenditure . . .	10,63,000
1921-22, Revised Estimate . . .	12,25,000
1922-23, Budget Estimate . . .	12,82,000

3. In addition to expenditure included in the civil estimates the following expenditure in connection with His Excellency the Viceroy's establishments was borne on the military estimates for 1922-23 :—

	Rs.
Band establishments	1,22,000
Bodyguard	2,24,000
Personal staff (including Military Secretary) .	90,000

His Excellency the Viceroy has informed us that, in view of the present financial situation, he has given instructions to reduce the estimate for his bodyguard by Rs. 40,000 and for his band by Rs. 42,000, thus saving Rs. 82,000, compared with the budget grants for 1922-23.

EXECUTIVE COUNCIL.

	Rs.
1913-14, Actual Expenditure	5,50,000
1921-22, Revised Estimate	5,40,000
1922-23, Budget Estimate	5,33,000

4. This expenditure includes the salaries of Members of the Executive Council and their actual travelling expenses. The Bengal Retrenchment Committee, of which our colleague Sir Rajendra Nath Mukerjee was Chairman,

has suggested that Indian Members of the Bengal Executive Council might well receive a third less salary than the European Members as the latter have greater expenses to meet, being away from their homes.

Our colleague thinks the recommendation of the Bengal Committee might be equally applied to the Executive Council of the Governor-General and at his request we draw attention to the subject.

We are informed that, in the case of the residences allotted to the members of the Executive Council in Simla, the uniform fixed rent charged is not in all cases on an economic basis and that there is a loss also incurred in respect of houses occupied by them in Delhi. We understand that the question of revising these rents is under consideration.

Legislative Bodies.

	Rs.
1913-14, Actual Expenditure . . .	1,71,000
1921-22, Revised Estimate	7,00,000
1922-23, Budget Estimate	8,50,000

5. The large increase which has taken place in expenditure since 1913-14 is due to the appointment of full-time Presidents, the expansion of the Councils, the longer sittings held under the reformed constitution, and the grant of more liberal allowances to members present in Delhi and Simla. The bulk of the increase is inevitable, but we feel that the matter of reduction or otherwise in travelling and other allowances is one that should be left to the Legislature, whose Members for the most part, it must be borne in mind, are unpaid.

Secretariat.

	Rs.
1913-14, Actual Expenditure	34,05,000
1921-22, Revised Estimate	64,52,000
1922-23, Budget Estimate	70,31,000

6. This expenditure is sub-divided among the various departments as follows :—

——	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
Foreign and Political . .	7,16,900	10,40,500	10,42,900
Home	3,24,400	6,61,400	6,41,800
Legislative	2,27,100	6,56,200	8,07,900
Education and Health . .	2,73,900	4,36,200	4,70,700
Finance (Ordinary) . . .	4,10,200	6,74,500	6,91,200
Finance (Military) . . .	1,55,900	6,05,800	6,44,100
Revenue and Agriculture . .	2,44,800	3,31,900	4,35,800
Commerce	3,46,100	4,98,600	4,89,300
Industries		5,10,000	5,90,400
Army	3,84,600	6,19,900	7,34,600
Public Works	3,21,100	4,17,000	4,82,700
Total .	34,05,000	64,52,000	70,31,400

An endeavour was made to meet the lump cut of Rs. 5,44,000 made by the Legislative Assembly under the head of "General Administration" by savings in the individual Secretariat departments and the attached offices, and these departments and offices in consequence have reduced their estimated expenditure for the current year to about Rs. 4,31,000 below their original budget demand as set out above and in the subsequent table for attached offices. The nature of the reductions effected will be referred to under the head of the department concerned. A supplementary grant of Rs. 2,76,000 was however

necessary as the reductions made were less than the cut required, and moreover, additional staff was necessary for preliminary work done in India for the Retrenchment Committee and some expenditure was required for publicity propaganda work undertaken in the provinces on behalf of the Central Government.

7. Attention has been drawn both in the Legislature and the press to the fact that the allocation of business among departments has not been modified to meet the altered relations between the Central Government and the Provinces as a result of the Reforms and that in many cases the Secretariat of the Central Government is being maintained at its pre-reform standard and, in the case of some departments, augmented. Education, medical administration, agriculture, veterinary services and industries are now transferred subjects under the Devolution Rules, and in consequence, the occasions for the exercise by the Central Government of its powers of superintendence, direction and control in respect of such subjects, except in so far as they affect the minor administrations, that is to say the administrations which still remain directly under the control of the Central Government, have now been greatly reduced. We are chiefly concerned with the matter from the point of view of the economies which could be effected by a re-grouping of the departments and a redistribution of work consistently with the principles underlying the Reforms scheme and we shall revert to this question shortly, after we have considered the expenditure of the individual departments as at present constituted. We shall first, however, refer briefly to a few general matters which affect all departments.

8. The question of pay of establishments generally including those of the superior staff is dealt with under Pay and Allowances. As regards the superior clerical establishment, we think that the pay, though liberal, is not excessive in view of the responsible character of the work done and the qualifications required. We are informed, however, that the lower division clerks doing work of a routine character can attain a maximum pay of Rs. 350 per mensem, a very high rate compared with that prevailing in Provincial Secretariats; for example in the Punjab the corresponding maximum is Rs. 150 a month. We recommend that for future recruits the rates should be substantially reduced, and that where present incumbents are not qualified for more responsible work their promotion should be stopped at the existing efficiency bar.

9. We understand that considerable reductions have been made by the various departments during the current year in their expenditure on contingencies, supplies, travelling allowances, telegrams, etc., in order to meet the lump cut made by the Assembly. It would appear, therefore, that there was considerable scope for economy in this direction and we recommend that this class of expenditure should be carefully scrutinised with a view to its further reduction. Thus, we understand that there are at present some 1,200 peons in the Government of India Secretariat and attached offices, a number based on a liberal scale fixed when the cost of peons was much lower and when telephonic and other communications were very limited. It is understood that a reduction of 25 per cent. in numbers has been suggested which would save Rs. 75,000 without serious inconvenience, and we recommend that this reduction should be given effect to and also that the present clothing scale should be examined. We have, in dealing with individual departments, taken into account economies of the kind referred to in this and the two following paragraphs.

10. The cost of the telegrams despatched by the departments during 1921-22 was approximately Rs. 3,33,000, the heaviest expenditure being incurred by the Foreign and Political Department (Rs. 1,35,000), the Army Department (Rs. 60,000), and the Home Department (Rs. 54,000). Part of the increase which has taken place since 1913-14 is due to increased rates, but we are of the opinion that a large curtailment in the number and length of telegrams could be effected without any loss of efficiency. We recommend that the provision for 1923-24 should be materially reduced.

11. We are informed that the present annual cost of the Delhi-Simla move is approximately Rs. 3,87,000, apart from incidental cost on account of Raisina conveyance charges, house rent and separation allowance. We think

a substantial reduction should be effected by restricting the number of officers and the amount of establishment and records moved down from Simla.

We now deal individually with the expenditure of the existing departments.

12. *Foreign and Political Department*—

	Rs.
1913-14, Actual Expenditure . . .	7,16,900
1921-22, Revised Estimate	10,40,500
1922-23, Budget Estimate	10,42,900

This department has proposed savings of about Rs. 47,000 for 1923-24. The clerical establishment has increased from 102 before the war to 123 at the present time. We have ascertained that the ratio of clerks to receipts and issues is high and we consider that establishment should be reduced to pre-war numbers, saving a further Rs. 50,000. The expenditure in the current year's budget for contingencies, Rs. 1,64,000, includes Rs. 1,00,000 for postage and telegrams which we consider excessive; we think the total expenditure on contingencies for 1923-24 should be reduced by about one-third, or, say Rs. 50,000. The total reduction which we recommend together with the saving proposed by the department is therefore Rs. 1,47,000.

13. *Home Department*—

	Rs.
1913-14, Actual Expenditure . . .	3,24,400
1921-22, Revised Estimate	6,61,400
1922-23, Budget Estimate . . .	6,41,800

Savings of about Rs. 42,000 will be effected by reductions proposed by the department. Though no large further savings can be secured, owing to the increase of work as the result of the Reforms, economies saving about Rs. 25,000 can we think be made by reducing the number of peons and the expenditure on contingencies, travelling allowances, etc.

The appointment of Inspector of Office Procedure, costing Rs. 30,000, was created on the recommendation of the Llewellyn Smith Committee to re-organise office procedure in the Secretariat with a view to greater efficiency and economy. We understand that very little has so far been done in this direction, the officer having been diverted to miscellaneous duties. We have had evidence that the present procedure is in many ways defective and that both economy and expedition could be secured by more businesslike methods of disposal of receipts and in other ways. We consider, however, that this matter should be taken up by the heads of the departments concerned in giving effect to our present recommendations, and that subsequently, after a reasonable period, an officer of the Finance Department should be deputed to examine the arrangements in force and the possibilities of effecting further economies in staff and other office expenditure. If this course is adopted the continuance of the appointment of Inspector of Office Procedure under the Home Department will be unnecessary. Its abolition will secure a saving of Rs. 30,000, and we recommend that the budget for 1923-24 should be fixed at Rs. 5,45,000, saving Rs. 97,000, including Rs. 42,000 proposed by the department.

14. *Legislative Department*—

	Rs.
1913-14, Actual Expenditure . . .	2,27,100
1921-22, Revised Estimate	6,56,000
1922-23, Budget Estimate	8,07,900

The establishment of this department has increased since 1913-14 as follows:—

—	1913-14.	1922-23.
Administrative staff	3	10
Clerical	32	93
Servants	62	100
TOTAL .	97	203

The department attributes to increased work connected with the Reformed Councils no less than Rs. 3,67,000 of the increase in cost which has taken place. We consider, however, that the present staff, especially the superior staff, is excessive, comprising as it does one Secretary, two Joint Secretaries, two Deputy Secretaries, two Officers on Special Duty, one Solicitor and two Assistant Solicitors. We recommend that a Deputy Secretary should be dispensed with, saving Rs. 24,000. The Peace Treaty Branch and Local Clearing Office are temporary organisations arising out of the war, and, though the duties attaching to them are likely to continue for some time, we consider that they should be amalgamated and one of the two officers dispensed with, saving approximately Rs. 20,000. As for the Solicitors' branch, we understand that a vacancy is likely to occur within a year; occasion should then be taken to reduce the appointments to two, saving Rs. 15,000. Allowing for the abolition of these appointments, for a saving of Rs. 41,000 already effected by the department to meet the lump cut made by the Assembly, and for general reductions in peons, temporary establishment and other contingencies, we recommend that the budget for 1923-24 be fixed at Rs. 7,00,000, saving about Rs. 1,08,000.

15. *Department of Education and Health*—

	Rs.
1913-14, Actual Expenditure . . .	2,73,900
1921-22, Revised Estimate	4,36,200
1922-23, Budget Estimate	4,70,700

In view of the essential modification of the position of the Central Government *vis-à-vis* the Provinces under the Reforms Scheme in respect of education and medical administration, which are now transferred subjects over which the Government of India exercise a very limited control, we do not consider that there is any justification for the retention of the Educational Commissioner, the Bureau of Education, or the Central Advisory Board, costing about Rs. 1,00,000 or, indeed, for the continuance of the department as a separate entity. We are informed that savings of Rs. 17,000 have been effected in the current year by the abolition of the Curator of the Bureau of Education and other minor economies, but we feel that the department is overstaffed for the duties which it has to perform. We deal further with the matter in considering the larger economies to be obtained by re-grouping departments.

16. *Finance Department (Ordinary Branch)*—

	Rs.
1913-14, Actual Expenditure	4,10,200
1921-22, Revised Estimate	6,74,500
1922-23, Budget Estimate	6,91,200

This department has already effected reductions of Rs. 35,000 to meet the cut made by the Legislative Assembly and of Rs. 57,600 by the abolition of a post of Joint Secretary, by the amalgamation of two branches and by other economies, or, in all Rs. 92,600. Allowing for further reductions in the number of peons which it may be possible to make, and in the cost of telegrams, etc., we recommend that the budget for 1923-24 should be fixed at Rs. 5,90,000, a saving, including what the department has already effected; of Rs. 1,01,200 compared with the original demand for 1922-23.

17. *Finance Department (Military Finance Branch)*—

	Rs.
1913-14, Actual Expenditure . . .	1,55,900
1921-22, Revised Estimate	6,05,800
1922-23, Budget Estimate	6,44,100

This department has been greatly expanded since 1913-14 with the object of securing effective check over expenditure throughout the intricate organisation of the Army in India. With a contraction of the activities of the various administrative services of the Army it should be possible to effect a material reduction in these Headquarter charges. The Financial Adviser has surrendered Rs. 44,000 to meet the lump cut made by the Assembly, but we

consider that further reductions in clerical and menial staff and in contingencies, etc., should be made. Ultimately a much larger reduction should be possible and, while we recognise that a considerable amount of temporary work may result if our recommendations in respect of army administration are given effect to, the question of further economies should be kept steadily in view. In these circumstances we recommend that the budget for 1923-24 should not exceed Rs. 5,75,000, a saving of Rs. 69,000 on the original demand for 1922-23.

18. *Revenue and Agriculture Department—*

	Rs.
1913-14, Actual Expenditure . . .	2,44,800
1921-22, Revised Estimate	3,41,900
1922-23, Budget Estimate	4,35,800

The department has effected a reduction of Rs. 24,000 in its original demand for 1922-23, but in view of the modified relations between the Government of India and the Local Governments under the Reforms Scheme in respect of land revenue, agriculture, civil veterinary and forests with which this department deals, we consider that there is no justification for its retention as a separate department. We deal with this question later in paragraphs 22—24.

19. *Commerce and Industries Departments—*

—.	Commerce Department.	Industries Department.	Total.
	Rs.	Rs.	Rs.
1913-14, Actual Expenditure .	3,46,100	...	3,46,100
1921-22, Revised Estimate .	4,98,600	5,10,000	10,08,600
1922-23, Budget Estimate .	4,89,300	5,90,400	10,79,700

In 1913-14 Commerce and Industries formed a single department. The subjects dealt with included posts and telegraphs and external emigration which have since been transferred to the Public Works and the Revenue and Agriculture Departments respectively. In 1917 to meet war requirements, the Munitions Board was created, which, when the war came to an end, was converted into the Board of Industries and Munitions. In 1921, no Munitions Board being required, the Board of Industries and Munitions was converted into a separate Department of Industries. It is doubtful whether at that time sufficient regard was had to the fact that, under the Reforms Scheme, the development of industries had been classified as a provincial transferred subject, save in cases where such development by central authority is declared, by order of the Governor General in Council made after consultation with the Local Governments concerned, to be expedient in the public interest. We understand that no such declaration has ever been made in respect of any industry. The following table shows the increase in the administrative and clerical staff (including temporary staff) since 1913-14 which has resulted from the separation of the departments:—

	1st April 1914.	1st April 1922.		
	Commerce and Industry.	Commerce	Industries.	Total.
Administrative staff .	4	4	7	11
Clerical staff . .	65	70	74	144

The more important subjects now dealt with by the Commerce Department are foreign trade, Merchant Shipping Act, ports and harbours, customs, etc. There is little prospect of diminution of work except by delegation, and we believe that, in present conditions, great advantages could be secured by freeing the Secretariat proper from the functions of detailed administrative control exercised by it in the past. In the United Kingdom and the

United States, Customs are administered by the Treasury, and the Tariff in the former country by the Board of Trade and in the latter by the Tariff Commissioner and the Department of Commerce. We consider that a similar arrangement should be adopted in India and we recommend that the scope of the present Board of Inland Revenue under the Finance Department be enlarged to include Customs, Salt, Opium and also Excise and Stamps so far as the Central Government is concerned with these subjects. Tariffs would be administered by the Department responsible for Commerce as at present. This proposal should make it possible to eliminate a large amount of work in the Secretariat, and, though the saving effected in the Secretariat budget might be less than the cost of the new appointment, the balance will be more than covered by economies in other directions. For example, the fact that the Board will be the appellate authority for all customs matters should make it feasible to abolish the post of the Commissioner of Customs at Bombay costing Rs. 47,000 annually and also obviate claims which are now being put forward by other Local Governments for work done by their Boards of Revenue or Secretariat.

The so-called Industries Department at present administers Geology, Mines, Salt, the Explosives and Petroleum Acts, Stationery and Printing, Patents and Designs, Factory and Labour legislation, Steam boilers, Stores and other minor matters, and any industries which the Governor General in Council may order it to deal with. As mentioned in paragraph 19, no such order has yet been passed. We consider that the work done by the Industrial Intelligence Section and the Labour Bureau could be discontinued without serious inconvenience. It is represented that a certain amount of labour and other legislation is pending in the immediate future, but this could, in our opinion, be more appropriately arranged for by placing an officer temporarily on special duty than by making permanent additions to the establishment.

We revert later to the future organisation and cost of these departments, but it may be noted that the Commerce Department made a reduction of Rs. 15,000 and the Industries Department of Rs. 25,000 in the original demands for 1922-23 to meet the cut made by the Assembly.

20. *Army Department*—

	Rs.
1913-14, Actual Expenditure . . .	3,84,600
1921-22, Revised Estimate	6,19,900
1922-23, Budget Estimate	7,34,600

The establishment entertained by the Army Department has expanded as shewn in the following comparative figures for administrative and clerical staff:—

	1st April 1914.	1st April 1922.
Permanent . . .	64	62
Temporary	10	52
	74	114

We are informed that the present strength of the department is only eight less than it was during the climax of the war. Expansion during the war was no doubt inevitable, but we consider that with a return to normal conditions an early reduction of establishments to pre-war level should be effected. This may not be immediately possible in view of the temporary work which will probably result if our recommendations in respect of Army administration are given effect to, but we recommend that the establishments be thereafter reviewed with the object of very largely reducing the annual cost of the department. The department has already effected economies of Rs. 40,000, but we think that further reductions should be possible, *e.g.*, in the marine, establishment and army list sections, as also in the cost of peons and telegrams, the provision for postage and telegrams being Rs. 50,000, and

that the total budget for 1923-24 should not exceed Rs. 6,50,000, saving Rs. 84,000 including Rs. 40,000 already surrendered by the department.

21. *Public Works Department—*

	Rs.
1913-14, Actual Expenditure . . .	3,21,100
1921-22, Revised Estimate	4,17,100
1922-23, Budget Estimate	4,82,700

Public Works in the Major Provinces is a provincial transferred subject, while irrigation, with which this department also deals, is a provincial reserved subject in regard to which the powers of the Provinces have been largely increased. We do not consider that a separate department of the Government of India is, in the circumstances, required to deal with such questions as concern that Government. We understand that a large amount of the work at present transacted by the department consists of "estate" work in connection with the properties of the Government of India in Delhi and Simla, the allotment of houses, etc., which could more appropriately be dealt with by local administrative officers than by a department of the Secretariat. A branch of the department deals with Posts and Telegraphs administration, which we propose should be placed under the Communications Department.

22. *Proposals for re-allocation of business among Departments—*

For the reasons already given we consider that the present number of departments is excessive and that substantial economies will be secured by a redistribution of work. The Acworth Committee recommended that there should be a Member of Council in charge of Communications whose portfolio should comprise Railways, Ports and Inland Navigation, Road Transport, so far as it is under the control of the Government of India, and Posts and Telegraphs. We are informed that no conclusion has so far been reached on this proposal, which will require some slight modification in detail, as under the Reforms Scheme roads are a provincial reserved subject. Assuming, however, that the principle is adopted and that the Railways and Posts and Telegraphs are put under one Member of Council, we recommend that the remaining subjects now dealt with by five of the existing departments,* should be concentrated in two departments. In making this recommendation, we have taken into consideration the transfer of the important heads of Customs, Salt, etc., to the control of the Board of Revenue under the Finance Department. If this arrangement is adopted, we suggest that the distribution of subjects among the reconstituted departments should be as follows :—

*Commerce.
Industries.
Revenue and Agriculture.
Education and Health.
Public Works.

Commerce Department.	Communications Department.	General Department.
Shipping and connected subjects.	Railways.	Land Revenue.
Trade and commerce including tariffs and merchandise marks.	Posts and Telegraphs.	Civil Veterinary.
Import and export regulations.		Agriculture.
Statistics.		Forests.
Labour legislation.		Central Institutes of Research in the above subjects.
Inter-provincial migration.		Botanical Survey.
Factories Act.		Famine.
International labour organisation.		Control of foodstuffs.
Petroleum and Explosives Acts.		Public Works.
		Irrigation.
		External emigration.
		Survey of India.
		Medical Services and Public Health.

Commerce Department.	Communications Department.	General Department.
Patents, designs and copyright. Legislation in relation to steam boilers and electricity. Life Assurance. Actuarial work. Stores. Geology and Minerals. Printing and Stationery. Civil Aviation, and possibly, Meteorology. Development of industries so far as declared central.		Zoology. Education. Libraries and Records. Census. Archæology. Museums. Local Self-Government. Ecclesiastical matters.

23. Railways and Posts and Telegraphs would, under our proposal, form separate departments under one Member of Council. We consider that the detailed examination by the Secretariat of the proposals made by the Director-General of Posts and Telegraphs can be eliminated as at present is the case with the Railways, and that the Heads of the two departments should be empowered to submit direct to the Member of Council matters requiring the orders of the Government of India, and to issue orders on behalf of Government on proper sanction being obtained, the present regulations being amended, as may be necessary for the purpose. In view of the fact that the functions of the Member in charge would be limited to two departments only, he would be able to represent both the departments in the Assembly and thus leave the heads of the departments more freedom for the performance of their legitimate administrative duties which we consider extremely desirable.

24. If our proposals are adopted we consider that it should be possible to limit the cost of each of the two reconstituted departments to not more than Rs. 6 or 6½ lakhs a year. Under this arrangement the total cost of the Secretariat would compare as follows with the provision made in the current year (assuming for the purpose of simplifying calculations that the whole of the lump cut and supplementary grant related to the Secretariat) :—

Existing Departments.	Rs.	Original Estimates for 1922-23. Rs.	Suggested Departments.	Rs.	Proposed Expenditure in 1923-24. Rs.
Foreign and Political	...	10,42,900	...	...	8,95,000
Home	...	6,41,800	...	...	5,45,000
Legislative	...	8,07,900	...	...	7,00,000
Finance (Ordinary)	...	6,91,200	...	...	5,90,000
Finance (Military)	...	6,44,100	...	...	5,75,000
Army	...	7,34,600	...	...	6,50,000
Education and Health	4,70,700		Commerce		13,00,000
Revenue and Agriculture	4,35,800				
Commerce	4,89,300	24,68,900	General		
Industries	5,90,400				
Public Works	4,82,700				
					52,55,000
Total original estimate for 1922-23		70,31,400	Expansion of Board of Revenue and staff		1,00,000
Deduct lump cut made by the Assembly		5,44,000			
		64,87,400	Total		53,55,000
Add supplementary grant		2,76,000	Proposed saving		14,08,400
Total		67,63,400			67,63,400

Even allowing for the proposed expansion of the Board of Revenue there will be, under our proposals, an annual saving of Rs. 14,08,400,

and we believe that, by a redistribution of subjects on the lines, which we have indicated, this can be readily secured.

ATTACHED OFFICES.

	Rs.
1913-14, Actual Expenditure . . .	5,04,000
1921-22, Revised Estimate . . .	10,51,000
1922-23, Budget Estimate . . .	11,34,800

25. This expenditure is sub-divided as follows :—

——	1913-14.	1921-22.	1922-23.
	Rs	Rs.	Rs.
Staff Selection Board . . .	*Nil*	22,000	22,800
Information Bureau . . .	*Nil*	89,000	1,02,300
Central Intelligence Department .	3,67,000	7,55,300	8,08,000
Keeper of the Records . . .	73 800	96,400	1,15,200
Translation Department . . .	8,500	8,000	8,100
Inspector-General, Irrigation . .	54,700	80,300	78,400
TOTAL	5,01,000	10,51,000	11,34,800

26. *Staff Selection Board*—

	Rs.
1913-14	*Nil.*
1921-22, Revised Estimate . . .	22,000
1922-23, Budget Estimate . . .	22,800

The gross cost of the Board in the current year is now estimated at Rs. 27,000, and receipts from examination fees at Rs. 16,730. Next year there is unlikely to be any examination, but it is proposed to provide Rs. 9,500 in the budget to meet possible requirements, saving Rs. 13,300. It is probably desirable that there should be an institution of this sort to recruit for the Secretariat, but when the Board again fully functions an endeavour should be made to render it entirely self-supporting.

27. *Central Bureau of Information*—

	Rs.
1913-14	*Nil.*
1921-22, Revised Estimate . . .	89,000
1922-23, Budget Estimate . . .	1,02,300

Since the budget was passed, extra allotments aggregating Rs. 78,000 over the budget estimates of 1922-23 have been made. The Bureau has only been sanctioned on a temporary footing and we make no recommendation.

28. *Central Intelligence Bureau*—

	Rs.
1913-14, Actual Expenditure . . .	3,67,000
1921-22, Revised Estimate . . .	7,55,300
1922-23, Budget Estimate . . .	8,08,000

The cost of the main Bureau in the current year was estimated at Rs. 6,65,000. Reductions of Rs. 1,20,000 have already been given effect to and further savings will be made next year, resulting in a total saving of Rs. 1,58,000. The Finger Print Bureau costing Rs. 84,000 and the Questioned Documents Section costing Rs. 59,000 are, we understand, maintained largely in the interests of the Provinces. We are informed that most of the Local

Governments are not willing to contribute towards the cost of these branches and we think that if arrangements cannot be made to recover the full cost of their services they should be abolished, saving a further Rs. 1,43,000, or Rs. 3,01,000 in all.

29. *Keeper of the Records of the Government of India—*

	Rs.
1913-14, Actual Expenditure	73,800
1921-22, Revised Estimate	96,400
1922-23, Budget Estimate	1,15,200

A small reduction has been made in the staff, saving Rs. 2,000; we do not recommend further reductions for the present, as it is proposed to employ the staff for the elimination of useless records, which will have the advantage of setting free valuable accommodation in Calcutta. The intention is to move the remaining records to Delhi when accommodation can be provided there, and a considerable further reduction in expenditure should then be possible. In the meantime steps should be taken to see that the work of elimination is speeded up so that the staff may be reduced and the accommodation freed as soon as possible.

30. *Inspector-General of Irrigation—*

	Rs.
1913-14, Actual Expenditure	54,700
1921-22, Revised Estimate	80,300
1922-23, Budget Estimate	78,400

We understand that a saving of Rs. 29,000 has already been effected mainly by the abolition of the appointment of Assistant Inspector-General. We do not think, however, that the continuance of a full-time appointment of Inspector-General is justified now that Irrigation is a provincial subject, over which the Local Governments exercise large powers. It is always open to the Government of India, when they require advice on an important irrigation project, either to place an officer temporarily on special duty or to appoint a committee, obtaining the necessary officers on loan from the Provincial Governments. We recommend, therefore, that the appointment should be abolished, making the total saving Rs. 78,400.

PAYMENTS TO LOCAL GOVERNMENTS FOR COST OF WORK DONE IN THEIR SECRETARIATS.

	Bombay.	Madras.
	Rs.	Rs.
1913-14, Actual Expenditure . . .	*Nil.*	*Nil.*
1921-22, Revised Estimate . . .	20,000	30,000
1922-23, Budget Estimate . . .	14,000	30,000

31. The payments to the Bombay Government are in respect of passport administration and are more than counterbalanced by receipts.

The Madras payments represent remuneration for duties in respect of central subjects performed by the Madras Secretariat. We understand that some reduction may be effected next year owing to the appointment of a full-time Commissioner of Income Tax. Several claims by Local Governments for substantial sums have been brought to our notice, and if these are pressed, it will be advisable for the Central Government to consider whether more economical arrangements cannot be made for carrying out such duties by some agency of its own.

MINOR ADMINISTRATIONS.

	Rs.
1913-14, Actual Expenditure	9,02,000
1921-22, Revised Estimate	21,13,000
1922-23, Budget Estimate	22,12,000

32. This expenditure is subdivided as follows :—

——	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
North-West Frontier Province	5,93,000	17,27,000	17,38,000
Delhi	1,85,000	2,61,000	3,16,000
Coorg	51,000*	...	...
Ajmer-Merwara . . .	70,000	1,17,000	1,49,000
Central India . . .	3,000	8,000	9,000
TOTAL .	9,02,000	21,13,000	22,12,000

*Rs. 51,000 shown against Coorg in 1913-14 represents expenditure now classified under another heads.

North-West Frontier Province.

	Rs.
1913-14, Actual Expenditure . . .	5,93,000
1921-22, Revised Estimate . . .	17,27,000
1922-23, Budget Estimate	17,38,000

33. There has been a re-classification of expenditure since 1913-14 and the above figures are therefore not strictly comparable. So far as we can ascertain, the approximate expenditure in 1913-14 corresponding to the figures shown for later years was Rs. 10,53,000. The estimate for 1922-23 represents the net amount after deduction of Rs. 2 lakhs as a portion of the lump cut made by the Legislative Assembly in the estimates of this Administration. We understand that the local Retrenchment Committee appointed to examine the expenditure of the North-West Frontier Province has recommended a reduction of Rs. 2 lakhs including minor reductions already effected. We recommend that the budget for 1923-24 should not exceed the reduced estimate of the current year, namely, Rs. 17,38,000.

Delhi.

	Rs.
1913-14, Actual Expenditure	1,85,000
1921-22, Revised Estimate	2,61,000
1922-23, Budget Estimate	3,16,000

34. We understand that a reduction of Rs. 2,000 has been effected under travelling allowances and contingencies for the Chief Commissioner's establishment and of Rs. 24,000 under district charges. We consider that the municipality should be required to pay entirely for the cost of their own Secretary, saving Rs. 6,000, a total reduction on the 1922-23 estimates of Rs. 32,000. The administration is relatively expensive for so small an area, but the constitutional position appears to require the retention of both the Chief Commissioner and the Deputy Commissioner.

Ajmer-Merwara.

	Rs.
1913-14, Actual Expenditure	70,000
1921-22, Revised Estimate	1,17,000
1922-23, Budget Estimate	1,49,000

35. It is proposed to effect economies of Rs. 8,500. We recommend that the budget for 1923-24 should not exceed Rs. 1,40,000, saving Rs. 9,000.

Central India.

	Rs.
1913-14, Actual Expenditure	3,000
1921-22, Revised Estimate	8,000
1922-23, Budget Estimate	9,000

36. This expenditure is mainly incurred on the administration of the Manpur Pargana; this yields a revenue of Rs. 26,000 and no reduction appears to be feasible.

EXPENDITURE IN ENGLAND.

	£
1913-14, Actual Expenditure . . .	261,800
1921-22, Revised Estimate	459,400
1922-23, Budget Estimate	469,100

37. This expenditure may be sub-divided as follows :—

——	1913-14.	1921-22.	1922-23.
	£	£	£
India Office (net expenditure) .	193,900	150,900	151,300
High Commissioner (net expenditure).	*Nil*	199,000	169,900
Management of debt . .	61,100	71,200	109,000
Leave allowances, etc. (incurred in respect of Indian establishment under head General Administration).	6,800	38,300	38,900
Total .	261,800	459,400	469,100

The above figures represent *net* expenditure of the India Office and High Commissioner under 'General Administration' only. The following table summarises the *gross* expenditure of the two offices under the various account heads :—

——	India Office.	High Commissioner.	Total.
	£	£	£
1913-14, Actual Expenditure .	206,836	*Nil*	206,836
1921-21, Revised Estimate . .	365,800	279,000	644,800
1922-23, Budget Estimate . .	280,400	272,900	533,300

It will be seen that the appointment of High Commissioner has very materially increased the cost of the Home Administration. It will be convenient, at this point, to refer briefly to the questions of policy which have given rise to the present division of work and which determine the incidence of cost as between the Indian revenues and the British Exchequer.

38. The appointment of a High Commissioner for India was created in 1920-21 under the provisions of section 29-A of the Government of India Act. The Joint Select Committee in their report on the Government of India Bill, when this was before Parliament, observed that the clause providing for this appointment " carried out the recommendation of Lord Crewe's Committee to appoint a High Commissioner for India to be paid out of Indian revenues, who will perform for India functions of agency, as distinguished from political functions, analogous to those now performed in the offices of the High Commissioners of the Dominions ".

On the 1st October 1920 all duties undertaken in the India Office connected with the Store Department and the Indian Students' Department and certain minor matters were transferred to the High Commissioner, and further transfers of work were made on the 1st April 1921 and 1st April 1922.

39. Concurrently with the provision for the appointment of a High Commissioner, the Government of India Act as revised provided that " the salary of the Secretary of State shall be paid out of moneys provided by Parliament, and the salaries of his under-secretaries and any other expenses of his Department may be paid out of the revenues of India, or out of moneys provided by Parliament", and similarly, that the salaries and allowances of the members of the Council of India may be paid from either of these sources. A Committee appointed to consider the allocation of the balance of the expenditure

of the India Office, after transfer of certain of its functions to the High Commissioner, recommended that:—

(*i*) the salary of the Parliamentary Under-Secretary of State as well as the salary of the Secretary of State be definitely placed on the British Parliamentary vote ;

(*ii*) in the case of the remaining expenditure a distinction be drawn between the charges incidental to the political and administrative duties of the Secretary of State, acting as a Minister, and the agency business still conducted by the India Office on behalf of the Indian authorities ; and

(*iii*) that under this arrangement the British Treasury be liable for (*a*) the salaries and expenses (and ultimately pensions) of all officials and other persons engaged in the political and administrative work of the office as distinct from the agency work, and (*b*) a proportionate share determined with regard to the distinction laid down in (*a*) of the cost of maintenance of the India Office—the exact sum payable under (*a*) and (*b*) respectively to be determined by agreement between the Secretary of State and the Treasury from time to time.

Detailed calculations to give effect to this settlement were worked out by a departmental committee which recommended that for a period of five years from the 1st of April 1920 the Treasury should make to the India Office an annual lump sum contribution which would remain constant for that period. Details of the recommendations of the Committee are given in Appendix A.

40. In pursuance of these recommendations, the salaries of the Secretary of State and Parliamentary Under-Secretary are now charged on the Parliamentary votes and a grant-in-aid in respect of the India Office is made by the Treasury. The grant-in-aid for 1920-21 was, in the first instance, fixed at £72,000 on the basis of the 1920-21 estimates ; but later in the year, on the basis of a revised estimate submitted by the India Office, it was fixed at £136,000 per annum for the period 1920-21 to 1924-25.

Subsequently, in the course of 1921-22 as a result of a reduction in the rate of 'bonus' due to the fall in the cost of living, the Secretary of State in Council offered to relax the agreement to the extent of conceding to the Imperial revenues a proportionate share of any economy that could be effected in the estimates for 1922-23 as compared with the figures on which the subsidy was based. This resulted in the grant-in-aid being reduced to £113,500, which was distributed among the main account heads as follows:—

	Gross expenditure.	Contribution.	Net expenditure.
	£	£	£
General Administration . .	252,700	101,400	151,300
Audit	13,700	5,800	7,900
Stationery and Printing . .	14,000	6,300	7,700
TOTAL .	280,400	113,500	166,900

This reduction did not take fully into account the re-organisation of the establishments then contemplated in the India Office on the lines laid down for the administrative offices of the British Government. We have ascertained that, if allowance were made for this, the grant-in-aid would be fixed at a sum of £122,000, representing a saving of £8,500 to Indian revenues. The Treasury will no doubt agree to the revision in the same way that they accepted the reduced contribution offered by the India Office as stated above.

41. We recommend in this connection that the question of expediting the transfer to the High Commissioner of the remaining agency subjects still administered by the India Office be considered with a view to effecting such

transfer, if practicable, before the termination of the present settlement with the Treasury.

Under section 19-A of the Government of India Act the Secretary of State in Council has power to regulate and restrict the exercise of the powers of superintendence, direction and control vested in the Secretary of State and the Secretary of State in Council. We recommend that the Secretary of State in Council and the Government of India should examine whether any minor references which have now to be made to the Secretary of State in Council cannot be dispensed with so as to reduce work both in England and in India.

INDIA OFFICE.

—	1913-14.	1921-22.	1922-23.
India Office.	£	£	£
General Administration . .	193,900	331,600	252,700
Audit	7,440	16,400	13,700
Stationery and Printing . .	5,496	17,800	14,000
TOTAL INDIA OFFICE .	206,836	365,800	280,400

42. *General Administration—*

The estimate for 1922-23 includes £197,200 for salaries, from which must be deducted £7,000 on account of staff transferred to the High Commissioner on the 1st April 1922.

The cost of salaries includes £61,600 for bonus based on the cost of living index figure of 100. This figure has since fallen. On the other hand, we are informed by the India Office that the re-organisation of establishments previously mentioned, will, after allowing for a fall in the bonus index to 85 at the time when this estimate was made, involve increased expenditure of £12,500 on the basis of the establishments at present authorised.

43. Exclusive of work transferred to the High Commissioner's Office, there has been an increase under salaries, including bonus, of about £86,000 or 74 per cent. of which £67,000 has occurred in the Correspondence Departments and in the Accountant-General's Department as shown by the figures below:—

—	CORRESPONDENCE DEPARTMENTS.		ACCOUNTANT-GENERAL'S DEPARTMENT.	
	Numbers of staff.	Cost.	Numbers of staff.	Cost.
		£		£
1913-14	71	29,968	62	19,833
1922-23	152	70,526	154	46,024
Increase .	81	40,558	92	26,191

It might have been expected that the devolution which has accompanied the Reforms would have been reflected in a substantial reduction of work, but this has apparently been set off by a large amount of initial work attendant on the introduction of the Reforms, and, in the Military and Accountant-General's Departments, by an aftermath of questions arising out of the war, including the re-organisation of the Indian Military Services, changes in regulations (in particular, pay and pension regulations), demobilisation of surplus

officers, increase in the number of pensions, etc. This work should, however, now tend to decline. The Accountant-General expects during the course of 1923-24 to effect reductions in his staff, saving approximately £6,000. We recommend that this reduction should be expedited and that the saving be given effect to in the 1923-24 budget.

We are informed that the Military Department, where the numbers have risen from 17 costing £6,378 in 1913-14 to 67 costing £20,090 in 1922-23, expects to be able to reduce its staff substantially in 1923-24. We recommend that these reductions, saving approximately £7,500, should be similarly expedited. Two pre-war departments, namely, 'Judicial and Public,' and 'Revenue and Statistics' with a staff of 17 costing £8,757, have since the war been expanded into three departments with a staff of 41 costing £21,655, namely 'Judicial and Public', 'Industries and Overseas', and 'Commerce and Revenue'. We consider that these departments should again be reduced to two in number and economies of not less than £5,000 effected. Considerable reductions of work are also anticipated in the Financial Department, the number of references received having fallen from 3,229 in 1921 to 2,700 estimated for 1922. The department is making a reduction of one officer and one clerk, but we think that, in view of the falling off in work, a reduction of not less than £2,000 on their present year's estimates should be made.

44. As regards other officers, a saving of about £1,000 will be effected by the substitution of an appointment of Assistant Under-Secretary of State for that of Controller of Finance, and we recommend that the appointment of Information Officer be abolished, saving a further £1,000.

The typing staff of the office has increased since 1913-14 from 18 costing £1,366 for a total clerical staff of 278 (excluding 96 in the Store Depôt), to 70 costing £10,281 for a staff of 429 in 1922-23. We are informed that it is proposed to reduce the number to 55 which should effect a saving of approximately £2,200. The number of messengers and labourers has increased from 76 costing £7,962 before the war to 86 costing £16,703 at the present time. We consider that some reduction should be made and a further saving of £1,000 effected.

45. There has been a large increase in expenditure on telegrams, contingencies and miscellaneous items as shown by the following figures: —

—	Telegrams to India.	Office contingencies.	Postage to India and Miscellaneous.
	£	£	£
1913-14	3,900	14,800	800
1921-22	17,000	40,900	3,700
1922-23	16,000	35,000	4,500

In the case of telegrams we are informed that a large proportion of the increase is due to post-war unsettlement and may be expected to disappear with the return of more stable conditions. Thus the average of the monthly accounts paid for the first six months of the current year shows a falling off as compared with the corresponding period of the previous year from £1,300 to £900. A further saving of 40 per cent. in cost is anticipated from the introduction now taking place of new codes and ciphers. We recommend therefore that the provision should be reduced by £10,000 and the budget for 1923-24 fixed at £6,000. The increase in office contingencies in the current year is partly due to the inclusion of certain special items, *e.g.*, the repairs of the India Office which had been unduly delayed owing to the war, advertisements for the large issues of India stock which have taken place, and the increased cost of telephones. We recommend that the budget for 1923-24 should be limited to £25,000, saving £10,000.

46. If these recommendations are adopted, the total net reduction under General Administration will be £48,700 arrived at as follows:—

	£
Increase in grant-in-aid	8,500
Transfer of staff to office of High Commissioner	7,000
Accountant-General's Department	6,000
Correspondence Departments	14,500
Other establishments	5,200
Telegrams, contingencies and miscellaneous	20,000
	61,200
Less cost of re-organisation	12,500
	48,700

We recommend that the net estimate for General Administration should be reduced from £151,300 to £102,600 for 1923-24.

47. *Audit*—

	Gross Expenditure.	Contribution from British Treasury.	Net Expenditure.
	£	£	£
1913-14	7,440	...	7,440
1921-22	16,400	10,200	6,200
1922-23	13,700	5,800	7,900

This establishment audits the accounts of the High Commissioner as well as those of the India Office and the increase in establishment from 20 in 1913-14 to 31 at the present time is attributed to increase of work both in volume and complexity. While we do not recommend any immediate reduction, the falling off of work in other sections of the office should enable a reduction to be made in the cost of this department, and we recommend that the establishment be further reviewed a year hence.

48. *Stationery and Printing*—

——	Gross Expenditure.	Contribution from British Treasury.	Net Expenditure.
	£	£	£
1913-14	5,496	...	5,496
1921-22	17,800	9,100	8,700
1922-23	14,000	6 300	7,700

There has recently been a considerable fall in prices and steps have been taken to economise both in printing and stationery. We recommend that the net budget for 1923-24 should be fixed at £5,000. This saving will accrue in the "Stationery and Printing" estimates.

HIGH COMMISSIONER.

	1913-14.	1921-22.	1922-23.
	£	£	£
General Administration	*Nil*	274,000	264,900
Stationery and Printing	*Nil*	5,000	8,000
TOTAL HIGH COMMISSIONER		279,000	272,900

49. *General Administration*—

The above figures are gross figures. The net estimates for General Administration are arrived at as follows :—

	1921-22.	1922-23.
	£	£
Gross Expenditure	274,000	264,900
Deduct surcharge for departmental expenses on—		
(*a*) Stores for Posts and Telegraphs and State Railways	65,000	70,000
(*b*) Stores for Provincial Governments .	10,000	25,000
Net Expenditure	199,000	169,900

The High Commissioner has informed us that in his revised estimates for the current year it will be necessary to make an additional provision of £5,300 on account of transferred staff, etc. This will be more than set off by savings of £1,500 in respect of bonus, £500 for supervision of stamps, and £9,500 in the wages of labourers and other Store Department charges, the net saving thus being £6,200. In addition to this, a further reduction of £3,000 is anticipated for 1923-24. We think, however, that some further economies might be effected. In our opinion the Mechanical Transport Department costing £1,788 should be dispensed with. The total charges under supervision of stamps after the reduction of £500 mentioned, are £10,800, which, compared with the total estimated expenditure on stamps of £281,600, is high. Arrangements have now been made for the transfer to the General Post Office of the staff employed in the supervision of manufacture of stamps, and we consider that endeavour should be made under the revised arrangements to secure a further reduction.

The work of the Indian Students' Department, costing £4,400 in salaries and £4,500 for other items apart from overhead charges, is carried out entirely for Local Governments and we consider that if this work is to continue in any form, recoveries of the full amount should be made, saving £8,900.

The cost of the collection of income-tax for the Home Government is estimated at £1,000. We do not consider that this is a proper charge against the Indian Government, and we understand that negotiations are in progress with a view to effecting a recovery from the Home Government.

The expenditure on contingencies and postage and telegrams to India should be curtailed and reductions of at least £1,500 and £500 respectively effected under these heads.

The amounts of £2,000 and £16,000 in respect of the additions to the Indian Store Depôt and the equipment and decoration of 46, Grosvenor Gardens, are non-recurring charges and will not appear in the next year's budget.

We understand that a proposal is at present under consideration for charging Local Governments for the work done for them in issuing leave, pay and pensions. The proposed charge of one per cent. on the amounts disbursed appears *primâ facie* to be reasonable and would yield about £10,800 per annum.

With these modifications, there would be a reduction of about £52,000 in the estimates for General Administration, and we consider that the net budget for 1923-24 should be limited to £118,000.

50. *Stationery and Printing*—

A saving of £2,000 in the budget estimate of £8,000 is expected in the current year, and a similar saving should be taken under the Stationery and Printing head in 1923-24.

51. *Purchase of Stores*—

Complaints have been made to us by nearly all Departments in India of the delay entailed in complying with their indents for stores obtained from England, and examples have been given to us of the inordinate time taken to place orders after receipt of indents. These delays make it necessary for Departments to hold large stocks in excess of their immediate requirements—in many cases 1½ years' stock—and cause a great loss to Government by deterioration, cost of storage and lock-up of capital. We recommend therefore that the whole position be thoroughly reviewed by the High Commissioner in order to expedite compliance with indents.

52. On the other hand, the High Commissioner has drawn our attention to the fact that indentors frequently tie his hands by restricting him, in spite

of his protests, to a particular manufacturer or source of supply. This inevitably connotes the payment of higher prices than would otherwise be necessary, and the High Commissioner has furnished us with several instances where large sums of money have been lost both to the Central and Provincial Governments as the result of such restrictions and also by indentors conducting initial negotiations with the representatives of particular firms. These practices are greatly to be deprecated and we recommend that orders be passed strictly prohibiting them. Private communications between indentors and suppliers should also not be permitted.

53. At the request of our colleague, Mr. Dalal, we note that he took no part in our discussions regarding the India Office and the High Commissioner for India.

MANAGEMENT OF DEBT.

	£
1913-14, Actual Expenditure	61,100
1921-22, Revised Estimate	71,200
1922-23, Budget Estimate	109,000

54. This expenditure includes, apart from the normal charges for the management of debt, certain charges for the issue of new sterling loans and also an additional charge for the recent introduction of the transfer of India stock by deed. We are informed that it is proposed to transfer expenditure on "management of debt" to the 'interest' head where it will be more appropriately shown; there will, therefore, be a reduction of £109,000 under the General Administration head and a corresponding increase in the estimates for 'Interest.'

LEAVE ALLOWANCES, ETC.

	£
1913-14, Actual Expenditure	6,800
1921-22, Revised Estimate	38,300
1922-23, Budget Estimate	38,000

55. This expenditure is dependent on the number of officers on leave and is not therefore susceptible of reduction. The increase shown under this head is partly due to a re-arrangement of the accounts.

CONCLUSIONS.

Having reviewed the expenditure under the head of General Administration we recommend that—

(1) the Railway Department and the Posts and Telegraphs Department be grouped in a single portfolio, that the activities of certain departments be curtailed, and the remaining subjects dealt with by them be concentrated in two departments, namely the Commerce Department and the General Department, on the lines set out in the table in paragraph 22, the total cost of the Secretariat being restricted to Rs. 53,55,000, a saving of Rs. 14,08,000;

(2) the appointment of Inspector-General of Irrigation be abolished, and the functions of the Central Intelligence Bureau curtailed, and a saving of Rs. 3,95,000 effected in the cost of the "Attached Offices";

(3) a reduction of Rs. 40,500 be made in expenditure in the Minor Administrations;

(4) the grant-in-aid from the Treasury to the cost of the India Office be reviewed, and the net cost of that office be reduced by £48,700 under the head General Administration and by £2,700 under Stationery and Printing;

(5) the arrangements for the purchase of stores by the High Commissioner be reviewed as indicated in paragraphs 51 and 52;

(6) the net cost of the High Commissioner's Office be reduced by £52,000 under General Administration and by £2,000 under Stationery and Printing; and.

(7) the Budget Estimate for 1923-24 for General Administration be limited to Rs. 1,48,68,000, a reduction of Rs. 49,89,000 including £109,000 or Rs. 16,35,000 transferred to the head Interest. This will give a net saving to the country of Rs. 33,54,000.

APPENDIX A.

Recommendations of the Departmental Committee referred to in paragraph 39 regarding the basis of the Treasury grant-in-aid of the salaries and expenses of the India Office.

For a period of five years from 1st April 1920, the Treasury should make to the India Office an annual lump sum contribution, which would remain constant for that period and the amount of which would be equivalent to that part of the total estimated cost of the India Office for 1920-21 (less the salaries of the Secretary of State and the Parliamentary Under Secretary of State) which is attributable to the administrative work of the Office calculated as follows :—

No.	Department.	Percentage of cost to be borne by Imperial Revenues.	Percentage of cost to be borne by India Office.	Remarks.
(i)	Secretary of State and Parliamentary Under Secretary.	100	—	To appear directly on the vote submitted to Parliament.
(ii)	Permanent Under Secretary, Assistant Under Secretaries.	100	—	
(iii)	Members of Council	100	—	*See* para. 32 of Crewe Committee Report.
(iv)	Private Secretaries	100	—	
(v)	Resident Clerks	100	—	
(vi)	Finance Department	61·7	38·3	Includes Inspector of Equipment.
(vii)	Military Department	57·1 (4-7ths).	42·9 (3-7ths).	
(viii)	Judicial and Public Department	83·3 (5-6ths).	16·7 (1-6th).	
(ix)	Political Department	100	—	
(x)	Public Works Department	95	5	
(xi)	Revenue Department	75	25	
(xii)	Indo-European Telegraph Department	—	100	
(xiii)	Government Director of Indian Railway Companies and his staff.	100	—	
(xiv)	Students' Department	—	—	Borne out of funds in the hands of the High Commissioner for India.
(xv)	Accounts Department	8·3 (1-12th).	91·7 (11-12ths).	
(xvi)	Stores Department (excluding Depôt)	—	—	Borne out of funds in the hands of the High Commissioner for India.
(xvii)	Records Department	60	40	
(xviii)	Library	—	100	
(xix)	Legal Adviser's Department	25	75	
(xx)	Medical Adviser	100	—	
(xxi	Members of Medical Board and Clerk	—	100	
(xxii)	Surveyor's Department	—	100	
(xxiii)	Auditor's Department	50	50	
(xxiv)	Store Depôt	—	—	Borne out of funds in the hands of the High Commissioner for India.
(xxv)	India Office office keepers, messengers, charwomen, etc.	To be divided in proportion "A" defined in the margin.		The proportion "A" is that of the total cost of items (i) to (xxiii) inclusive falling on the Treasury to the total cost of those items falling on the India Office.
(xxvi)	Indian Students' miscellaneous payments.	—	—	Borne out of funds in the hands of the High Commissioner for India.
(xxvii)	Law charges	—	100	
(xxviii)	Postage and telegrams to India and stationery.	Proportion "A"		
(xxix)	India Office rates	Proportion "A"		
(xxx)	Depôt rates	—	—	Borne out of funds in the hands of the High Commissioner for India.
(xxxi)	Miscellaneous charges (India Office)	Proportion "A"		
(xxxii)	Miscellaneous charges (Depôt)	—	—	Borne out of funds in the hands of the High Commissioner for India.
(xxxiii)	Building repairs, etc.	—	100	

SUPPLEMENTARY NOTE BY THE HON'BLE MR. PURSHOTAMDAS THAKURDAS ON INDIA OFFICE EXPENDITURE.

The constitutional position of the India Office expenditure since the Reforms.

1. The Welby Commission reporting in 1900 recommended a contribution of £50,000 a year by the British Treasury towards the cost of the India Office, when the total cost of the India Office (including all agency charges) amounted in the year 1897-98 to £240,000. The change in the status of India as brought about by the Government of India Act of 1919 necessitated a direct contribution by the British Treasury to the cost of the India Office, and a vote for same by Parliament. The Committee appointed to consider the Home Administration of Indian affairs in relation to the Indian Constitutional Reforms Scheme (1919) said:—

> "Our main principles have already led us to distinguish the political and administrative duties of the Secretary of State, acting as a Minister, from the Agency business conducted by the India Office on behalf of the Indian authorities. It appears to follow as a general conclusion that the charges incidental to the former should be met from British revenues. They form a normal part of the cost of Imperial administration, and should in equity be treated similarly to other charges of the same nature. We include under this head the charges on account of the Advisory Committee which is constituted to assist the Secretary of State in the performance of his Ministerial responsibilities. Charges on account of agency work would naturally continue to be borne by India, in whose interests they are incurred."

Apportionment of the India Office charges between the British Treasury and the Government of India.

2. After the acceptance of the above main principle a Committee on which the Treasury was represented went into the details of the apportionment of the India Office charges. They recommended that, for a period of five years from 1st April 1920, the Treasury should make to the India Office an annual lump sum contribution, which would remain constant for that period and the amount of which would be equivalent to that part of the total estimated cost of the India Office for 1920-21 (less the salaries of the Secretary of State and the Parliamentary Under-Secretary of State) which is attributable to the administrative and political work of the India Office.. The percentage of the cost of each Department to be borne by Imperial Revenues and by the India Office was determined for the purpose of arriving at the amount of this contribution. At the end of five years the question was to be reconsidered on the lines of this settlement.

This recommendation was accepted by the Treasury and provision for 1920-21 was made for a grant-in-aid of £72,000, the latter figure being the agreed proportion of the actual expenditure shown in the Home Accounts of the Government of India (1919-20).

In December 1920 a revised estimate was submitted by the India Office and the grant-in-aid based on that estimate was fixed at £136,000 per annum for the period 1920-21 to 1924-25.

After this for 1922-23 and the following two years the Secretary of State for India in Council agreed to a reduced grant of £113,500 for the purpose of conceding to the Treasury a proportionate share of certain economies that he anticipated in the 1922-23 and subsequent estimates.

The Committee have been informed that the actual charges payable by the Treasury on the basis of the percentages agreed upon amount to £122,000 (for 1922-23) thus entailing an excess debit of £8,500 to the Government of India for that year. My colleagues have expressed a hope that the British Treasury may see their way not to take advantage of this excessive concession, which may be said to be the result of a mis-calculation by the India Office authorities. They correctly point out that the Treasury should not object to revise the agreement of December 1920 now, in the light of the actual figures,

since they readily revised the previous agreement for £136,000 for a share in the benefits of anticipated economies in the India Office estimates for 1922-23 and the next two years to the British Exchequer.

Lump sum settlements with the British Treasury undesirable on financial grounds.

3. I wish to mention one serious financial necessity, from the financial point of view, of the India Office avoiding any such lump sum settlements without previous reference to the Indian Legislature. The expenditure of the India Office not debitable to the British Treasury is a charge on the Government of India. Being still subject to the superintendence, direction and control of the Secretary of State for India, the Government of India can hardly be expected to have any effective control in the expenditure of the India Office, although such expenditure may be for work of an agency nature. If the British Treasury have to bear every year a definite proportion of the actual expenditure of the India Office they would—and indeed they could—control the expenditure of the India Office; and the Government of India would share the benefit of such control. As long as any agency work is left with the India Office the division of the expenses of various departments between the Indian Exchequer and the British Treasury would necessarily entail the effective voice of the British Treasury in the expenditure of each such department. But the interest of the British Treasury in the economical working of the India Office practically ceases with the fixing of a grant-in-aid payable by them for a number of years. Thus the India Office are left without any controlling authority at all. Government departments all over the world show tendencies to expand rapidly and to contract much too reluctantly; and the Secretary of State for India can hardly be expected to personally look into such details with any minuteness or thoroughness.

Delay in the transfer of agency work of all kinds to the High Commissioner—unnecessary and uneconomical.

4. The main principle accepted by the British Treasury and Parliament would warrant no charge for the India (Secretary of State for India's) Office in London being debited to the Government of India as soon as all agency work performed by the India Office before 1919 is transferred to the High Commissioner for India in London. Not only has all work of an agency nature not still been transferred by the India Office to the High Commissioner, but the information submitted to the Committee compels me to conclude that the India Office is not likely to complete the transfer of such work for a considerable time to come. I propose to mention a few of the reasons given by the India Office for the delay that has occurred till now and is likely to continue for a long time hereafter, and to offer my observations on these reasons, and to consider how far the delay in the transfer of Agency work is avoidable. I am convinced that the distribution of work of essentially a similar nature between two offices under two distinct heads is against the best interests of the Indian Treasury.

I should here make it clear that, as the Committee had no opportunity of personally interviewing any representatives of the India Office, my remarks are based on such written material as was available—particularly on the reply of the India Office to the questionnaire submitted by the Chairman to them on behalf of the Retrenchment Committee.

5. The Committee have been informed that till November 1922 the India Office transferred functions and staff to the High Commissioner for some of the Agency work done by them till then, but that recruitment for 29 subjects is still with the India Office. Further the India Office say that—

> "The establishment of the High Commissioner and the division of certain Departments entailed thereby rendered necessary a certain amount of duplication in the higher posts and that therefore it has not been and could not be expected to have been possible to reduce the staff of the India Office by an amount of staff equal to that transferred to the High Commissioner."

Duplication of posts, due to incomplete transfer of work, should cease.

The India Office have not given to the Committee any of the reasons that necessitated the delay in transferring the work of recruitment of these 29 subjects to the High Commissioner till now. They, however, propose to

transfer this work shortly and I think they should easily be able to complete this by the 1st May next at the latest. When all agency work is transferred, the division of work referred to above would substantially cease and with it the duplication of posts should end.

The establishment of a new normality since the war hardly a plea for the increased cost of the India Office to India.

6. The aftermath of the war and certain questions under discussion in connection with the war accounts between the India Office and the War Office, when settled, are expected to result in the reduction of staff paid for by India to a certain extent. But the India Office say that some of the increased charges since 1914 threaten to be permanent on India as a result of "fresh work and fresh problems connected with the establishment of a new normality in the financial, economic and administrative world". The India Office have not specified definitely the fresh work and fresh problems connected with the establishment of "a new normality since the war." If the fresh work entailed is of the nature of agency work it would be looked after by the High Commissioner under the instructions of the Government of India. If, as is more likely, the fresh work is of a political nature, it would form a normal part of the work of Imperial administration, and, as such it should be a charge on the British Exchequer, as correctly contemplated by the Parliamentary Committee quoted in paragraph 1. In either case it is difficult to see how the cost of the India Office to India should increase for such work.

Expansion of the Finance Department hardly consistent with the devolution of financial powers sanctioned by the Government of India Act, 1919.

7. The Finance Department of the India Office was split up into two Branches since 1914. The necessity for this increased expenditure is said to have been perceived before 1914. The continuation of the two branches is said to be necessary in spite of the devolution of greater powers of sanctioning expenditure to the Government of India and local Governments, and it is contended that no reduction can be made in the expansion of this Department. Perhaps the devolution of financial powers sanctioned by the Government of India Act, 1919, is not likely to materialise so long as the necessary staff is available in the India Office to enforce the same detailed and meticulous control as existed before the Reforms.

8. The supply of currency notes to India used to be a part of the work of the Financial Department at the India Office. The work of receiving and shipping currency notes to India has now been transferred to the High Commissioner, but the questions of alteration of material and pattern of notes are regarded as questions of principle too important to be entrusted to the High Commissioner. The further question of the possibility of manufacture of currency notes in India is suggested by the India Office as again being too important to make it advisable to transfer this work to the High Commissioner's staff; and this agency work is proposed to be continued for retention by the India Office.

Questions regarding material, pattern and manufacture of currency notes should not be retained by the India Office but transferred to the Government of India.

With an experienced and capable financial authority of the high standing of the late Sir William Meyer as High Commissioner till October 1922 it is difficult to share the opinion of the India Office that questions of alteration of material and pattern of notes were such important questions of principle as could not be safely transferred to the High Commissioner between 1920 and 1922. I recommend that the whole question of the printing of currency notes whether in England or in India be forthwith examined by the Finance Department of the Government of India who would naturally utilise the services of the High Commissioner for such work as would have to be done on their behalf outside India. Until a decision is arrived at to print currency notes in India, the Finance Department of the Government of India might usefully examine not only the charges paid for printing currency notes, to the Bank of England, but also the freight charges on the same from London to India. The Committee was not able to get details of these freight charges, but I believe useful savings are possible in this direction.

9. It would seem that a very large part of the work of the India Office is connected with the pay, pensions, allowances, etc., of the members of the various Military and Imperial Services of the Government of India. The retention of a greatly increased staff is considered necessary by the India Office authorities on the ground that rules and regulations relating to Military pay, leave pay, and pension scales which have been modified during the war, or as a result of war experience are much more complicated and are certain to give rise to very numerous difficult questions. It is also asserted that the amount of work that has been necessitated by the revision of salaries and conditions of employment in the various Imperial Services is capable of realization only by those in daily touch with such work.

Part of India Office staff engaged in connection with civil and military pay, pensions, etc. Recommend transfer of this clerical work to the Imperial Bank of India.

In the Military Department the number of staff has increased from 17 in 1913 to 67 in 1922. It is said to be very doubtful whether a reduction of more than 20 is probable before March 1924 and more than 40 ultimately. The strongest reason for the retention of the extra staff from 1913 is said to be the reorganization of the Indian Military services, in special connection with pay and pension regulations after the war.

Regarding the Accountant General's Branch of the India Office the staff has gone up from 62 in 1913-14 to 154 at the India Office and 69 with the High Commissioner in 1922-23. The India Office consider it impossible to reduce the staff below 127 in the near future. Although a greater desire on the part of India for detailed information since the Reforms Scheme was introduced is said to be one of the reasons, the main reason is said to be the effects of war. One of these effects, the increase in the number of pensioners, is said to endure for a generation. But no time is considered by the India Office safe to be assigned to the indirect effects of the war, such as the general disturbance of currency and exchange conditions, services reorganization and the increased complexity of pay and pensions. It is said that there will be no return to the settled routine of 1913-14 for years to come.

In 1913-14 the furlough pay of Indian Army Officers was issued only at sterling rates, pay due at rupee rates being advanced in India, and questions as to rates of exchange did not arise. Furlough pay has now to be issued at rupee rates as well as sterling rates. In certain circumstances the rupee rates change within the period of an officer's leave, and the sterling rates are said to be less simple than in 1913-14.

The British War Office have arrangements with reputable Bankers for payment of Military pay, etc. I would recommend that all work regarding payment of salaries, allowances, pensions, etc., for the Government of India in London should be offered to the Imperial Bank of India's Branch in London. There is no justification for the Secretary of State being burdened with this more or less routine clerical work. The complications in rules and regulations referred to so often by the India Office should not be beyond the grasp of a staff under the Imperial Bank, and, in all probability, transference of the work would take the necessary staff with it to the Imperial Bank from the India Office and might even lead to ultimate simplification of the rules.

10. The India Office seek to justify the splitting up of the work of the 'Judicial and Public' Department and the 'Revenue and Statistics' Department into three Departments, *viz.*, 'Judicial and Public,' 'Industries and Overseas,' and 'Commerce and Revenue' Departments. One should have thought that the extra Departments would have ceased as soon as special circumstances arising after the war or the initial work of the Reforms Scheme was finished. But the India Office say that "in fact it (the creation of the three Departments) took place two years after the war was over and when most of the initial work of the Reforms Scheme had been done". They justify the retention of the three Departments owing to the changed conditions following the conclusion of the war and to new subjects which have risen within the sphere of the old Departments. These subjects are said to be associated with India's membership of

Increased cost to India due to the expansion of the "Judicial and Public" and "Revenue and Statistics" Departments into three Departments not justified.

the League of Nations and the International Labour Organization, with her enhanced status in the British Empire (marked by her representation in the Imperial Cabinet and other meetings) and the increased interest consequently taken in the position of Indians overseas. The effect of the Reforms on the work of these Departments is also said to be very marked.

If the two Departments, 'Judicial and Public' and 'Revenue and Statistics,' suggested for retention by my colleagues are necessary for the political and administrative duties of the Secretary of State, they are a charge on the British vote. I fail to see how these Departments are necessary for the Agency work of the Government of India, for which work alone the revenues of India are liable.

11. The management of Debt in London is another item that engages the attention of the India Office. The details of the charges in the three years are as follows:—

The management of Debt is Agency work which should be transferred to the High Commissioner.

	1913-14, Actuals.	1921-22, Revised Estimate.	1922-23, Budget.
	£	£	£
Management of sterling debt	52,848	52,550	58,900
Additional charges for stock transferable by Deed, with arrears from 1920	...	...	22,200
Charges for issue of sterling debt	...	10,550	19,750
Management of Rupee Debt	8,000	8,000	8,000
Miscellaneous	243	100	150
TOTAL	61,091	71,200	109,000

The charge of the Bank of England for management of sterling Debt still stands at the figure of £300 per million fixed before the war, this charge being the same as for management of the British Debt. The Committee understand that negotiations for the revision of this figure will shortly be opened between the Bank of England and the India Office since the Bank now want to charge more for Indian Debt than for British Debt, which is now much bigger than pre-war. Since the management charges were fixed, a procedure has been introduced for the transfer of India stock by deed, and an additional charge is said to be due to be accepted in view of the extra cost entailed by the opening of new ledgers and the undertaking of extra work by the Bank. The charge for transfer by deed registers will be settled at the same time as the general question of management charges.

This is agency work pure and simple and should have been transferred to the High Commissioner's Office as soon as it was established. There is no reason to delay the transfer now. Should the Bank of England demand increased management charges I would recommend the Imperial Bank of India in London being asked to take up this work. The Committee were not able to ascertain the terms the Imperial Bank may want for this. But the Standing Finance Committee of the Legislature would be able to examine these details and decide upon the most economical course for India.

12. The different functions of Agency work referred to above should all, in my opinion, be transferred to the High Commissioner within the next twelve months at the most. I see no reason why pay and pensions due by the Government of India should not be paid by the Imperial Bank of India, or failing it, the High Commissioner on behalf of the Government of India. A single control of agency work by servants of the Government of India, acting under the Government of India's orders, and responsible to them, can alone conduce to the maximum economy, and not a duplication of work in London as happens to go on at present. These changes should be brought about forthwith and then the India

Transfer of all Agency work to the High Commissioner necessary in the interests of true economy. When this is accomplished the India Office charges would be entirely payable out of British Revenues.

Office should cost nothing to the Indian Exchequer, on the principle laid down by the Committee quoted in paragraph 1, since the India Office would then be left with only political work, which has been approved as a fair charge on the British Revenues.

The British Treasury liable for rent for the portion of the India Office building occupied by the Secretary of State and his establishment.

13. The Committee quoted in paragraph 1 said "The India Office building and site and other similar property paid for in the past by Indian revenues would continue to be Indian property". In the calculation of the basis for the grant to be paid by the British Treasury towards the India Office expenses, the Government of India was debited with 100 per cent. of the cost of repairs, etc., and a fixed proportion* of the India Office rates. On the one hand the Government of India have to pay the rent, rates, etc., of a building, which they have had to lease specially for the High Commissioner who sits in London on their behalf. On the other, the India Office building which has been built† and maintained out of the revenues of India is occupied by the Secretary of State who does not pay any rent for it, although the Government of India have to pay for its repairs, etc. Thus the Budget Estimate of the India Office chargeable to Indian Revenues for 1922-23 under "repairs, furniture, etc." was £8,400 as compared with an expenditure of £4,665 in 1913-14, a part of the increased cost of repairs being attributed to the expenses of redecoration, which had been unduly delayed owing to the war. The revenues of India have also been debited with £16,000 for purchase on lease of "46, Grosvenor Gardens" and cost of alteration and office furniture for the High Commissioner, who could not be accommodated in the India Office building. On the broad principle accepted by the Committee of 1919 the British Exchequer should pay rent for the India Office building. The rent of a substantial and commodious building like the India Office situated in Whitehall may be a very high figure; the least that the British Treasury could do would be to pay the rent for the premises occupied by the High Commissioner as a compensation for the proportion of space occupied in the Whitehall building by the Secretary of State for India and his establishment, for his political and administrative duties. When all agency work is transferred to the High Commissioner the India Office building would, if it were still occupied by the Secretary of State, be utilised for his Parliamentary responsibilities, and so the whole charge of the building,—*viz.*, maintenance, repairs, rates, etc., with a reasonable interest on the capital value of same—should be borne by the British Exchequer.

PURSHOTAMDAS THAKURDAS.

DELHI;

The 1st February 1923.

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*NOTE:—India Office rates are divided in proportion "A" between the British Treasury and the Government of India, the proportion "A" being that of the total cost of 23 items falling on the Treasury, to the total cost of those items falling on the India Office.

†NOTE:—Between 1861 and 1870 £588,000 were spent from the Indian Revenues on the construction of the present India Office building.

PART V

POLITICAL EXPENDITURE.

The estimate for 1922-23 compares with the revised estimate for 1921-22 and the actual expenditure for 1913-14 as follows:—

	Rs.
1913-14, Actual Expenditure . . .	1,72,80,000
1921-22, Revised Estimate . . .	2,14,95,000
1922-23, Budget Estimate . . .	2,93,14,000

2. The expenditure classified as Political is of a heterogeneous character, including diplomatic and consular charges in Persia, at Kabul and elsewhere, expenditure on the upkeep of Residencies and Political Agencies in Indian States, the cost of forces of a *quasi*-military or police character engaged on watch and ward on the frontiers, and, in some of the frontier areas, expenditure which in Indian Provinces would be classified under General Administration; also charges in respect of subsidies, trade agencies, refugees and State prisoners, and on the lighting and buoying of the Persian Gulf. For present purposes the expenditure under the main heads can most conveniently be classified as follows:—

——	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
North-West Frontier Province .	31,60,000	49,08,000	1,18,51,000
Baluchistan	24,15,000	36,55,000	42,25,000
Kabul	49,000	...	5,26,000
Aden and Arabia . . .	3,73,000	3,52,000	4,42,000
Persia and Persian Gulf . .	16,96,000	18,01,000	22,40,140
Nepal	76,000	11,01,000	11,07,790
Tibet Frontier	3,47,000	4,84,520	4,21,300
Residencies and Agencies directly under the Central Government .	22,16,000	25,23,480	26,15,070
Agencies and other Political charges in Major Local Administrations	39,36,000	36,22,000	36,30,000
Miscellaneous	27,86,000	14,40,000	10,10,700
	1,70,54,000	1,98,87,000	2,80,69,000
Expenditure in England (Rs. 15 = £1)	2,26,000	16,08,000	12,45,000
Total .	1,72,80,000	2,14,95,000	2,93,14,000

North-West Frontier Province.

	Rs.
1913-14, Actual Expenditure . . .	31,60,000
1921-22, Revised Estimate	49,08,000
1922-23, Budget Estimate	1,18,51,000

3. The bulk of the expenditure is incurred in respect of the trans-border area and may be sub-divided as follows:—

——	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
Political Agents . . .	5,10,000	6,74,000	7,91,000
Militias and Scouts . . .	17,18,000	18,93,000	21,35,000
Tribal and district levies . .	1,58,000	6,72,000	5,95,000
Khassadars	...	3,30,000	8,67,000
Allowances to Frontier tribes .	3,50,000	6,85,000	7,17,000
Political subsidies . . .	12,000	12,000	12,000
Entertainment of Envoys and Chiefs . . .	2,23,000	3,95,000	3,96,000
Refugees and State prisoners .	10,000	12,000	9,000
Special political expenditure in Waziristan	...	...	60,40,000
Miscellaneous	1,17,000	2,35,000	2,89,000
Total .	31,60,000	49,08,000	1,18,51,000

The Chief Commissioner is already effecting economies of Rs. 5,37,000 under the various heads including "miscellaneous." These economies give effect to most of the reductions recommended by the local Retrenchment Committee. We deal below with further possible economies.

4. *Political Agents.*—These officers are concerned with the administration and control of the tribal areas outside the administered districts of British India. They include a Resident for Waziristan, and Political Agents at Wano and in the Tochi, Dir-Swat-Chitral, Kurram and Khyber areas. Some reduction in establishments is included in the economies which are already being effected, but we do not consider that, when conditions in Waziristan have settled down, it should be necessary to maintain a Resident in Waziristan as well as a separate Political Agent for Wano, and we recommend that the question of the abolition of one of these appointments should then be taken up and a reduction of at least Rs. 50,000 effected.

5. *Irregular Forces.*—These forces, which include militia or scout formations, tribal and district levies and khassadars, have increased greatly, both in number and cost, since 1913-14, mainly owing to the policy adopted in Waziristan. We append a statement to show the comparative strength and cost of these forces in the years selected and also of the various classes of police employed in the province (Appendix A). The functions of the forces mentioned above, which, with the exception of the district levies are employed in the tribal areas, are briefly as follows :—

Scouts.—These formations which are officered by British officers deputed from the Indian Army are synonymous with militia; they are recruited in a proportion of one-third tribesmen to two-thirds cis-frontier men, whereas the pre-war militia consisted almost entirely of tribesmen. Their special duties are the policing of the tribal areas in which they are located, including the holding open of the more important roads which traverse them and the breaking up and intercepting of gangs of raiders and marauders *en route* to and from British territory.

Tribal Levies.—These have been in existence for many years in the Malakand Agency, where the Dir, Swat and Chitral levies carry out duties somewhat similar to militia and scouts, though without British officers.

District Levies.—These are a new experiment which is said to be turning out well. The levies are formed by arming a certain number of villagers who are paid Rs. 12 per mensem, without pension, a man of the type of retired Jemadar being placed in charge. They are under the control of the Deputy Commissioner, but are linked up with the frontier constabulary by whose officers they are inspected from time to time.

Khassadars.—These are essentially a tribal force first introduced after the Afghan War of 1919, and are used within their tribal limits for the policing of tribal country and the ultimate protection of the British districts. They furnish their own rifles and ammunition and build their own block houses.

6. The figures set out in the statement in paragraph 3 do not represent the full sanctioned cost of the irregular forces since, as indicated in Appendix A, further increases in the Tochi and South Waziristan scouts have been sanctioned, estimated to cost Rs. 15 lakhs in 1922-23, and we are informed that it is proposed ultimately to raise the number of additional scouts to 5,000, the total cost of this measure being Rs. 23 lakhs per annum. Large increases are also being effected in the khassadars involving additional annual expenditure of Rs. 14 lakhs. In arriving at the total cost of the defence of the frontier borne on the civil estimates, it is further necessary to take into account the considerable force of special police, also described as frontier constabulary, which is maintained at an estimated annual cost of about Rs. 24 lakhs. We deal with this force in our report on Police expenditure.

7. Though these forces are of a semi-military character, we understand that the large increases already effected and proposed will not make it possible to effect any immediate reduction in the number of fighting units of the Army. It has been represented to us, however, that the employment of these forces obviates additional military expenditure that would otherwise be required, and that it may in future enable further economies to be effected in the military estimates. In view of all the circumstances we recommend that no further

increases beyond those specified above be made in the strength of these irregular formations and that the whole question be reviewed as soon as the position on the frontier is stabilised with a view to effecting substantial progressive reductions in the cost of frontier defence. Meanwhile we consider that, in view of the fall in prices, savings to the extent of at least Rs. 1 lakh should be effected in the cost of clothing, ration allowances, etc.

8. *Allowances to Frontier tribes.*—We are informed that these allowances in some cases merely represent small payments in the way of travelling allowances for tribesmen called for discussion, and in others are on a more or less contractual footing; for example the Afridis are paid Rs. 2½ lakhs in return for the Khyber tolls which they used to collect, whereas the Government now take the tolls amounting to about Rs. 1½ lakhs. In the circumstances we make no recommendation.

9. *Entertainment of Envoys and Chiefs.*—The increase from Rs. 2,23,000 in 1913-14 to Rs. 3,96,000 estimated for 1922-23 is said to be due to the enhanced cost of entertainment. The reductions effected by the Chief Commissioner include a saving of Rs. 8,000; prices are, however, now falling and we recommend that expenditure under this head be limited to 50 per cent. over the pre-war figure, saving a further Rs. 40,000.

10. *Special political expenditure in Waziristan.*—Of the budget grant of Rs. 60,40,000 under this head Rs. 15,00,000 was for additional scouts, Rs. 14,00,000 for additional khassadars and the balance for construction of roads, cost of housing and transport for scouts, etc. We understand that the provision proposed under this head in 1923-24 will be limited to Rs. 40,87,000, involving a reduction of Rs. 19½ lakhs in the political estimates.

11. *Summary.*—We recommend that the provision for political expenditure in the North-West Frontier Province in 1923-24 be limited to Rs. 92,24,000, a reduction of Rs. 26,27,000.

Baluchistan.

12. The estimate for 1922-23 compares with the revised estimate for 1921-22 and the actual expenditure for 1913-14 as follows:—

	Rs.
1913-14, Actual Expenditure	24,15,000
1921-22, Revised Estimate	36,55,000
1922-23, Budget Estimate	42,25,000

13. This expenditure is subdivided under the main heads shown below:—

——	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
Political Agents	8,59,000	13,82,000	15,37,000
Levy Corps	6,85,000	9,63,000	12,07,000
Levies and other irregular formations.	6,98,000	11,56,000	13,03,000
Political subsidy	1,04,000	1,00,000	1,00,000
Miscellaneous	69,000	54,000	78,000
Total	24,15,000	36,55,000	42,25,000

We deal below with the more important of these heads.

14. *Political Agents.*—The expenditure classified under this head in Baluchistan is on account of the ordinary administrative organisation which is elsewhere classified under General Administration. We have examined this expenditure in consultation with the Agent to the Governor General and he has proposed to effect economies amounting to Rs. 1,45,000 in 1923-24 and to take steps to reduce clerical establishments gradually to pre-war numbers.

15. *Levy Corps.*—We append a comparative statement giving, for the years specified, particulars of the strength and cost of the police and of the various irregular forces maintained in Baluchistan (Appendix B). The formations classified as levy corps include the Mekran Levy Corps and the

Zhob Militia which are of the same standard of discipline as the formations of militia and scouts in the tribal areas of the North-West Frontier Province.

16. *Levies and other irregular formations —Scouts.*—Scouts, of which a limited number is maintained in Zhob, differ in class from the North-West Frontier Province scouts and the levy corps just mentioned, and consist of tribesmen serving in their own country armed with Government rifles.

Tribal or district levies.—There are no police or other similar officials in the rural areas, and district levies perform the duties of police, process servers, messengers, etc. In Chagai the system of tribal responsibility has been substituted for the ordinary levy service as an experimental measure and lump sum payments are made to the tribal sardars who are responsible for keeping peace and order.

Auxiliaries.—We are informed that formations bearing this title now being enlisted in Zhob are similar to the khassadars in the North-West Frontier Province but do not provide their own rifles.

Temporary levies.—These mainly consist of the Sarhad levies who are employed for the protection of the Mirjawah-Duzdap railway. It is hoped that conditions in the early future will make it possible to dispense with this force, saving Rs. 96,000.

17. Apart from the Sarhad levies, we are not in a position to recommend any substantial reduction in the strength of the various irregular forces in Baluchistan, which, having regard to the length of frontier involved, constitute a relatively economical form of protection. We recommend, however, that no further additions be made to their existing strength. We are informed, for example, that proposals have been put forward for adding 4 companies to the Zhob Levy Corps, at an initial cost of Rs. 1,45,000 and a recurring annual cost of Rs. 5,27,000, and additional khassadars costing Rs. 1½ lakhs annually with the object of making it possible to withdraw a regular battalion from Fort Sandeman. These proposals are apparently due to the great cost of hired transport involved in supplying the troops at Fort Sandeman, *vide* paragraph 19 of our Report on Army expenditure. The position will, however, be changed if a light railway from Hindubagh to Fort Sandeman is constructed; and as these additions to the irregular forces would not result in any reduction in the strength of the Army we recommend that they be abandoned.

18. Both the Zhob and the Mekran Levy Corps were formerly organised on the Silladar system, but after the war this system was modified, Government animals being substituted for privately owned animals. Owing to the high prices of foodstuffs there has been a large increase in the cost of feeding these animals, the present contract for which runs to July 1923. With the fall in prices which has taken place it should be possible to effect substantial economies when the contract is renewed, and we consider that a reduction of at least Rs. 50,000 should be made in the estimates for 1923-24.

19. *Summary.*—We recommend that the provision for political expenditure in Baluchistan in 1923-24 be limited to Rs. 39,34,000, a reduction of Rs. 2,91,000.

Kabul Legation.

	Rs.
1913-14, Actual Expenditure	40,000
1922-23, Budget Estimate	5,26,000

20. We understand that the provision proposed for 1923-24 is Rs. 4,80,000, a saving of Rs. 46,000. It is proposed to build a Legation in Kabul at a cost of Rs. 16 lakhs. We understand the land has already been acquired at a cost of Rs. 80,000 but the building has not yet been commenced. We think it is well worth consideration whether a less expensive building than that contemplated should not suffice in the present financial conditions, and we recommend that, before the building is commenced, the plans be reconsidered with a view to restricting the cost, if possible, to a smaller figure.

21. The expenditure under these heads is distributed as follows:—

——	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
Aden	2,48,300	3,48,000	4,12,000
Jeddah Vice-Consulate . .	13,000	1,000	16,530
Hodeida Vice-Consulate . .	15,700	3,000	13,500
Baghdad Residency . . .	96,000	...	...
TOTAL	3,73,000	3,52,000	4,42,000

22. *Aden.*—The above expenditure includes only expenditure borne on the political estimates. The total net cost of the civil and military administration of Aden in 1913-14 and 1921-22 was as follows:—

——	1913-14.	1921-22.
	Rs.	Rs.
Civil Revenue	4,64,000	10,11,000
Civil Expenditure	7,39,000	11,22,000
Deficit .	2,75,000	1,11,000
Military expenditure	28,13,000	70,00,000
Less contribution from His Majesty's Government	10,80,000	20,80,000
Net military expenditure .	17,33,000	49,20,000
TOTAL NET COST .	20,08,000	50,31,000

An annual payment of £100,000 by His Majesty's Government is credited as a contribution towards the cost of Aden, but only £72,000 of this amount really relates to Aden. The balance of £28,000 represents part of a contribution towards the cost of the India Office recommended by the Welby Commission, which was for purposes of convenience included in the same vote. In 1917 all military responsibility for Aden was taken over by the War Office and the political responsibility, in so far as external relations are concerned, by the Foreign Office, these responsibilities being at a later date transferred to the Colonial Office, while the responsibility for internal administration has remained with India up to the present time.

During the war the cost of Aden increased considerably and the arrangement followed as to the incidence of the increased cost has been that India should meet the cost of the pre-war strength of the garrison subject to the contribution of £72,000 and that the cost of any additional forces maintained should be met in equal shares by India and His Majesty's Government. In paragraph 17 of our Report on Army Expenditure we recommend that the garrison at Aden should now be reduced to the pre-war strength representing a saving of Rs. 10 lakhs on the estimates of 1922-23. We consider that the present arrangement should be reviewed, as it does not seem to us that India's share is strictly in accordance with the Welby Report which recommended that half the Military expenditure in Aden should be borne by His Majesty's Government.

23. We are informed that the question of the future administration of Aden has been raised in the Indian Legislature and elsewhere and it has been suggested to us as a possible solution that the Aden Settlement, town and port, should remain part of India, all civil and military administration resting with the officers of the Indian Government, but that the Aden Protectorate and political arrangements should be taken over by the British Government

which could obtain on payment from India such Indian troops as were necessary for the purpose. Under the suggested arrangement Great Britain would also accept responsibility for the protection of Aden, India making a reduced contribution towards its defence. This solution would, in our opinion, have several advantages and we recommend that it be examined with a view to its adoption.

24. Provision of Rs. 21,000 was included in the estimates for 1922-23 for the purchase of a launch for the administration of Kamaran. We are informed that this will not be charged against Indian revenues and that there will also be a saving of Rs. 3,600 owing to the abolition of a post of Assistant to the Resident. We further consider that Rs. 8,700, representing a portion of the pay of the Chairman of the Port Trust at present charged to Government, should be transferred to Port Trust Funds, and that the estimates for political expenditure in Aden in 1923-24 should be limited to Rs. 3,79,000, a reduction of Rs. 33,000.

25. *Jeddah and Hodeida.*—We are informed that it has been decided not to reopen the Vice-Consulate at Hodeida and that the provision of Rs. 13,000 under this head will not be required.

PERSIA AND THE PERSIAN GULF.

	Rs.
1913-14, Actual Expenditure . . .	16,96,000
1921-22, Revised Estimate	18,01,000
1922-23, Budget Estimate	22,40,140

26. We are informed that, apart from the political expenditure shown above, the only other expenditure incurred in Persia from Indian revenues at the present time is Rs. $3\frac{3}{4}$ lakhs, representing half the cost of an Indian battalion employed in the Persian Gulf, and the cost of maintaining the 'Lawrence' (see paragraph 27). We have examined in detail the expenditure of the various diplomatic establishments in Persia and the Persian Gulf with which India is concerned, and we are informed that the Foreign Department proposes to effect economies to the extent of Rs. 1,44,000 in the charges for diplomatic and consular services, of Rs. 62,000 in the cost of post and telegraph charges and escort at Tehran and of Rs. 15,000 at Muscat, a total saving of Rs. 2,21,000.

27. The budget estimates for 1922-23 included provision of Rs. 6,01,000 for the cost of lighting and buoying the Persian Gulf, but this figure has been reduced in the revised estimates to Rs. 4,34,000. The bulk of this expenditure represents the cost of the Royal Indian Marine vessel 'Nearchus' which is at present employed on these duties, the cost of stores for lighting and buoying the Gulf being included under expenditure in England. In paragraph 4 of our report on the Royal Indian Marine we have recommended that the cost of maintaining the 'Lawrence', which is at present utilised as a despatch vessel in the Persian Gulf, should be transferred to the political estimates and that she should be fitted up to perform the work at present carried out by the 'Nearchus' in addition to her own duties. This will make it possible to dispense with the 'Nearchus' and, allowing for the transfer of the 'Lawrence', there should be a saving of approximately Rs. 1 lakh on the budget estimates of 1922-23.

28. At present political expenditure in Persia is divided in moieties between the Indian and Imperial Exchequers, this arrangement being based on the recommendations of the Welby Commission. We are informed, however, that, owing to the lack of sufficiently strict definition, the question has arisen from time to time whether important individual items of expenditure are properly governed by this principle of division. We are impressed by the heavy liabilities imposed upon India during the war and we are strongly of opinion that the present arrangement should be revised without delay and that the Government of India should take over the whole cost of certain consulates, etc., which abut on India, and leave the others to the Home Government, possibly paying some share in one or two cases in which the two Governments have a mutual interest. It is, in our

opinion, very desirable to ensure that India's liabilities in Persia should be strictly limited and defined. We recommend, therefore, that a revision of the existing arrangements be considered, and also that the possibility be examined of making a charge to shipping for lighting and buoying the Persian Gulf the cost of which is at present shared by India and the United Kingdom on the half and half basis.

29. The bulk of the expenditure in respect of which we have indicated savings of Rs. 3,21,000 in paragraphs 27 and 28 is divisible between the British and Indian exchequers and the net savings to Indian revenues will thus be about Rs. 1,60,000.

NEPAL.

	Rs.
1913-14, Actual Expenditure	76,000
1921-22, Revised Estimate	11,01,000
1922-23, Budget Estimate	11,07,790

30. The expenditure includes an annual present of Rs. 10,00,000 to the Nepal Government in recognition of the services rendered by Nepal during the war. Of the Rs. 1,08,000 for the cost of the Legation, we are informed that Rs. 10,000 represented abnormal expenditure on the renewal of tents and furniture, and that the British Envoy has proposed reductions of Rs. 4,700 in establishment, a total saving of Rs. 14,700.

TIBET FRONTIER.

	Rs.
1913-14, Actual Expenditure	3,47,000
1921-22, Revised Estimate	4,84,520
1922-23, Budget Estimate	4,21,300

31. This expenditure represents charges in Sikkim, Bhutan and in the Gyantse and Yatung Trade Agencies. We are informed that the department is effecting a reduction of Rs. 42,000 in the cost of the Trade Agencies.

RESIDENCIES AND AGENCIES UNDER THE CENTRAL GOVERNMENT.

	Rs.
1913-14, Actual Expenditure . . .	22,16,000
1921-22, Revised Estimate	25,23,480
1922-23, Budget Estimate	26,15,070

32. This expenditure is distributed as follows :—

	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
Delhi	...	750	750
Rajputana	5,50,000	6,40,590	6,76,150
Central India	5,09,000	5,98,330	5,88,170
Gwalior	52,000	89,080	85,690
Hyderabad	1,93,000	2,48,480	2,45,740
Bangalore	...	1,600	1,560
Mysore	1,33,000	1,84,730	1,69,650
Baroda . . .	86,000	1,00,920	1,17,360
Kashmir and Punjab Agencies .	6,98,000	6,59,000	7,30,000
	22,16,000	25,23,480	26,15,070

33. *Rajputana.*—In Rajputana there are 6 Agencies and Residencies, one having been recently abolished, saving Rs. 53,000, and also 2 Assistant Agencies held by officers of the Mewar Bhil Corps (see paragraph 43). These Agencies are subordinate to the Agent to the Governor-General who has his headquarters in Ajmer, the cost of the Rajputana Agency being Rs. 2,26,000 and of the subordinate Agencies Rs. 4,50,000. The Foreign and Political Department have proposed economies in political expenditure in Rajputana amounting to Rs. 91,000, including the Rs. 53,000 just mentioned.

34. *Central India.*—We understand that one of the appointments of Medical Officer at Indore will be dispensed with at the end of the current year, saving Rs. 21,000, and we recommend that it be considered whether it is necessary to maintain all the present subordinate Agencies.

35. *Gwalior.*—We are informed that savings of Rs. 3,400 have been effected and that a proposal to abolish the appointment of Residency Surgeon, costing Rs. 23,000, and to place the Residency in visiting medical charge of the Civil Surgeon at Jhansi has been provisionally accepted saving Rs. 26,000.

36. *Mysore.*—A small saving of Rs. 1,600 is proposed. We understand that the Resident, in addition to his strictly political duties, administers the Civil and Military station of Bangalore, and that for these services one-third of the cost of the Residency is recovered from the revenues of the assigned tract. We are informed that it is doubtful whether in present circumstances this proportion represents a sufficient payment for the charges actually arising from the administration of the station and we recommend that the question be further examined.

37. *Baroda.*—We are informed that reductions in expenditure amounting to Rs. 6,000 have been effected.

38. *Kashmir and Punjab Agencies.*—We understand that the Kashmir Durbar proposes to take over its own medical arrangements, which are at present carried out by the Residency Surgeon, and that it will then be possible to employ a Residency Surgeon for only half the year, saving Rs. 11,000. Other savings of Rs. 8,750 and Rs. 16,000 are proposed by the Department in the case of the Kashmir Residency and the Gilgit Agency respectively.

POLITICAL CHARGES IN THE MAJOR PROVINCES.

	Rs.
1913-14, Actual Expenditure . . .	39,36,000
1921-22, Revised Estimate	36,22,000
1922-23, Budget Estimate	36,30,000

39. *Bombay (excluding Aden).*—The political expenditure incurred in this Presidency is distributed as follows:—

——	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
Kathiawar	1,77,360	4,18,000	4,09,249
Cutch	43,052	55,640	83,090
Mahikantha	66,703	1,09,368	83,228
Palanpur	44,905	97,490	1,04,378
Southern Mahratta Country . .	45,580	91,085	71,885
Minor Agencies and Miscellaneous .	30,000	46,137	78,658
Envoys, State Refugees, etc. .	2,07,400	1,67,280	1,46,512
TOTAL .	6,15,000	9,85,000	9,76,000

40. The expenditure shown in the table represents the net cost of the various groups of States after allowing for contributions and other receipts. We are informed that various economies have been suggested, but we are of opinion that there is no justification for the heavy charges borne by public revenues in connection with these States. We understand that at present the Bombay Government maintains a separate political department which deals with 377 States and estates and that, in Kathiawar and the small areas of Mahikantha and Palanpur, the political officers are to a great extent responsible for the actual administration of the States and estates, their duties being analogous to those of a district officer. We also understand that, in pursuance of the Reforms Scheme, it has been proposed that all the major States and the whole of Kathiawar should be brought into direct relations with the Government of India but that the matter is still under consideration.

We are informed that the final proposals of the Government of Bombay have not yet been received, but we are of opinion that an arrangement under which the Local Government is responsible for administration while the cost is borne by the Central Government is unsuitable, and that, if it be decided that the Government of Bombay should continue to deal with the States, it should be considered whether the expenditure involved should not be reclassified under the appropriate heads such as general administration, land revenue, police, etc., and transferred to the Local Government together with any receipts arising in the States. On the other hand, if the States are transferred to the Government of India, we recommend that the possibility of uniting Baroda, Kathiawar, Cutch, Mahikantha and Palanpur under an Agent to the Governor General be explored with a view to effecting economies in establishment sufficient to reduce the expenditure to pre-war level ; and that, meanwhile, a reduction of at least Rs. 1,75,000 should be effected in the net estimates of these States in 1923-24.

41. *Burma.*—The political expenditure in Burma is distributed as follows :—

——	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
Political officers in Shan States and Chin Hills	3,61,000	5,58,000	5,94,000
Charges on North-East Frontier . .	9,65,000	10,50,000	11,00,000
Miscellaneous	2,000	99,000	7,000
TOTAL .	13,28,000	17,07,000	17,01,000

The expenditure on Political Agents is incurred in the administration of the Shan States and Chin Hills, while charges on the North-East Frontier represent the cost of the occupation of the Hpimaw and Putao tracts. We are informed that there will be a saving under the former head of approximately Rs. 40,000, as provision of this amount was made in 1922-23 budget for an adviser on Chinese affairs who has not been appointed. Of the provision of Rs. 11 lakhs for charges on the North-East Frontier, about Rs. 6 lakhs represents the cost of police and Rs. 1,73,000 expenditure on public works. There should be a considerable saving in the cost of supplies and rations as a result of the fall in prices and it should also be possible to reduce the expenditure on public works, and we therefore recommend that a reduction of Rs. 1,50,000 should be made in the estimates for 1923-24.

We are informed that a proposal has been made that the Central Government should make a fixed contribution for these charges and we recommend that this proposal be adopted, as we consider it undesirable that, though the Local Government is responsible for the administration, the Central Government should be liable for any increase in expenditure involved.

42. We are informed that savings of Rs. 21,000 have been effected in Bengal and of Rs. 1,000 in Madras.

MISCELLANEOUS EXPENDITURE.

	Rs.
1913-14, Actual Expenditure	27,86,000
1921-22, Revised Estimate	14,40,000
1922-23, Budget Estimate	10,10,700

43. The more important items included under this head are Rs. 5,09,000 for Indian State Forces, Rs. 1,98,000 for the Mewar Bhil Corps and Rs. 2,11,000 for the Malwa Bhil Corps. We are informed that it is proposed to effect reductions in the strength of these Corps, saving Rs. 18,000 in the case of the former and Rs. 1 lakh in the case of the latter. The cost of the Mewar Corps is to some extent set off by revenue of Rs. 60,000 from certain assigned lands and that of the Malwa Corps by contributions amounting to Rs. 54,000.

We make no recommendation with regard to the Indian State Forces, as we are informed that they are of much value and have been taken into account in determining the strength of the regular forces.

Expenditure in England.

	Rs.
1913-14, Actual Expenditure . . .	2,26,000
1921-22, Revised Estimate	16,08,000
1922-23, Budget Estimate	12,45,000

44. The bulk of the expenditure represents leave and deputation allowances. Some provision for stores for lighting and buoying the Persian Gulf is also included. We are informed that the estimate of expenditure in England in 1923-24 is Rs. 7,08,000, a reduction of Rs. 5,37,000.

General.

45. The recommendations which we have made, together with the reductions proposed by the Department, should result in an annual saving of Rs. 45,70,000. They have been discussed with the Foreign and Political Department and in general have their approval.

CONCLUSIONS.

Having reviewed the Political expenditure we recommend that :—

(1) no further increase be made in the strength of the Scouts and other irregular forces on the North-West Frontier and that existing establishments be reviewed as soon as the position on the frontier is stabilised, with a view to effecting progressive reductions in the cost of frontier defence ;

(2) the present arrangements for the administration of Aden and the incidence of charges be reviewed on the lines which we propose ;

(3) the present principles governing the incidence of expenditure in Persia be revised without delay and that India's liabilities in Persia be strictly defined and limited ;

(4) if the groups of States and estates in the Bombay Presidency remain with the Local Government, it be considered whether the charges cannot be transferred to provincial revenues, or, in the alternative, whether the bulk of the States and estates cannot be grouped under a single Agent to the Governor General and the expenditure reduced to pre-war level ;

(5) the charges for political expenditure in Burma be provincialised ; and

(6) Political expenditure for 1923-24 be limited to Rs. 2,47,44,000, a saving of Rs. 45,70,000.

APPENDIX A.

Comparative statement showing numbers and cost of irregular Civil Forces in the North-West Frontier Province

Serial No.	Name of Force.	‖Sanctioned strength on 1st April 1914.		1st April 1921.		1st April 1922.		Cost.			
		Permanent.	Temporary.	Permanent.	Temporary.	Permanent.	Temporary.	Actuals, 1913-14.	Actuals, 1921-22.	Estimated expenditure, 1922-23.	—
								Rs.	Rs.	Rs.	
1	Ordinary Police (includes armed Police)	4,144	...	5,405	...	5,405	...	11,02,461	*27,78,100	*30,77,100	* Please see remarks in attached note.
	Railway Police	...	..	190	...	190	...	...	92,623	94,600	
	Total Police	4,144	...	5,595	...	5,595	...	11,02,461	• 28,70,723	31,71,700	
2	Khyber Rifles	1,699	...	...	...	...	...	4,63,942	1,388	...	† This temporary establishment, sanctioned for the duration of the war and one year thereafter, has now been disbanded.
3	Kurram Militia	1,407	...	1,407	253	1,407	†225	3,27,971	8,43,859	8,50,114	
4	Tochi Scouts (Northern Waziristan Militia)	1,303	...	895	...	872	...	9,38,571	4,76,696	A12,33,531	
5	Southern Waziristan Scouts (Southern Waziristan Militia)	1,535	...	498	...	964	...				
6	Mohmand Militia	...	...	1,357	...	...	...	...	5,58,099	B...	
7	Chitral Scouts	990	...	990	...	990	...	49,378	40,244	51,056	
	Total Militias and Scouts	6,934	...	5,147	253	4,233	225	17,79,862	19,20,286	21,34,701	
8	Frontier Constabulary (*i.e.*, Border Police)	2,456	...	2,445	1,565	3,226	1,565	5,99,287	22,42,117	C23,95,332	
	Tribal and District Levies.										
9	Chitral Levies	111	...	111	...	111	...	1,11,823	22,761	24,810	
10	Swat Levies	181	...	206	...	208	...		50,907	55,152	
11	Dir Levies	376	...	370	...	385	...		91,410	1,06,185	
12	Upper Swat River Canal Khassadars	293	...	149	...	149	...	32,086	15,915	‡26,617	‡ Charge since transferred to Irrigation Budget.
13	Shilman Levies	18	...	18	...	18	...	2,310	2,520	2,520	
14	Khassadar for Mohmand Blockade Line	...	...	300	...	400	...	...	60,000	72,000	
15	Kohat Levies	...	...	...	1,391	...	476	...	2,81,707	D2,21,640	
16	Bannu Levies	...	...	...	...	...	333	...	...	72,384	
17	Bhitani Levies	74	...	35	...	35	...	12,034	4,726	13,460	
	Total	1,053	...	1,189	1,391	1,306	809	1,58,253	5,39,946	5,94,768	
	Khassadars.										
18	Khyber Khassadars	...	...	...	837	1,021	...	...	3,65,138	4,34,400	
19	Tochi Khassadars	...	...	...	...	572	...	...	...	2,33,000	
20	Wana Khassadars	...	...	...	...	775	...	...	...	2,00,000	
21	Additional Khassadars (Tochi and South Waziristan)	...	...	...	...	2,244	...	...	...	§14,00,000	§ Debitable to special Waziristan allotment.
	Total	...	...	...	837	4,612	..	...	3,65,138	22,67,400	
	Grand Total	14,587	...	14,376	4,046	18,972	2,599	36,39,863	79,38,210	1,05,63,901	

‖ The actual strengths are in many cases less than those shown as the Corps have not yet been recruited to full strength.

A. Subsequent increases have been sanctioned as follows:—

Tochi Scouts—6 British officers, 1,315 Indian rank and file.

South Waziristan Scouts—8 British officers, 1,760 Indian rank and file.

Total annual expenditure on full strength according to sanctioned scale:—

	Rs.
Tochi Scouts	13,08,787
South Waziristan Scouts	14,24,744
	27,33,531

B. The Mohmand Militia were converted into constabulary with effect from the spring of 1922. Their strength is 6 companies infantry and 1 company mounted infantry.

C. The original strength of 20 companies infantry and 2 companies mounted infantry was increased in 1916 by 4 companies infantry and 1 company mounted infantry and in 1917 by the same number of companies. The final increase took place in 1920 when 4 more companies of infantry were sanctioned thus making a total of 32 companies infantry and 4 companies mounted infantry. Since 1st April 1922, 2 companies infantry have been disbanded and the question regarding retention or disbandment of the remaining 10 additional companies infantry and 2 companies mounted infantry is still under consideration.

D. The budget provision for the current year has since been reduced to Rs. 67,000 and the balance surrendered to Government.

APPENDIX B.

Comparative Statement showing numbers and cost of irregular Civil Forces in Baluchistan.

Serial No.	Name of force.	Sanctioned strength on 1st April 1914.	Sanctioned strength on 1st April 1921.	Sanctioned strength on 1st April 1922.	Cost. (Actuals) 1921-22.	Cost. (Estimates) 1921-22.	Cost. (Estimates) 1922-23.	Remarks.
					Rs.	Rs.	Rs.	
1	Ordinary Police	1,226	1,852	1,853	4,55,657	10,66,800	10,97,590	The whole police force in Baluchistan is armed.
2	Railway Police	191	217	217	51,093	96,200	98,780	
	Total Police—Accounts Head "26.—Police".	1,417	2,063	2,070	5,06,750	11,63,000	11,96,370	
3	Zhob Levy Corps	1,305	1,495*	1,136	5,06,939	8,24,500	8,41,820	*Reduction to 1,139 was effected on the revision of 1920-21 but did not come into accounts until after March 1921, so that the old 1920 strength was included in budget of 1921-22, but was not entertained in that year.
4	Mekran Levy Corps	482	633	652	1,77,708	2,78,200	3,65,800	
5	Zhob Scouts	...	150	332	...	24,264	66,180	
6	District Levies	2,476	2,035†	2,035†	6,98,177	11,12,626	11,19,760	†In Chagai the system of tribal responsibility has been substituted for ordinary levy service as an experimental measure and levies reduced accordingly.
7	Temporary Levies	...	...	313	...	...	1,17,500	
	Total Levies—Accounts Head "29.—Political".	4,263	4,313	4,468	13,82,324	22,39,600	25,11,060	
	GRAND TOTAL—POLICE AND LEVIES	5,680	6,382	6,538	18,89,574	34,02,600	37,07,430	

PART VI.

CIVIL ADMINISTRATIVE DEPARTMENTS.

AUDIT.

The estimate for 1922-23 compares with the revised estimate for 1921-22 and the actual expenditure in 1913-14 as follows :—

	Rs.
1913-14, Actual Expenditure . . .	39,59,000
1921-22, Revised Estimate	72,59,000
1922-23, Budget Estimate	83,16,000

This expenditure may be subdivided as follows :—

Expenditure in	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
India . . .	38,48,000	68,00,000	78,96,000
England . . .	1,11,000	4,59,000	4,20,000
Total .	39,59,000	72,59,000	83,16,000

2. *Expenditure in India.*—We have ascertained that the preliminary estimate for expenditure in India in 1923-24 is Rs. 76,08,000, a reduction of Rs. 2,88,000.

We have discussed the expenditure on audit with the Auditor General. He informed us that he was prepared to convert certain posts of Assistant Accountants-General into posts of Assistant Accounts Officers and to fill a certain number of the latter class of appointments by members of the Subordinate Accounts Service, saving Rs. 62,000 per annum. We also consider that the appointment of the Auditor, Government of India Sanctions, estimated to cost Rs. 26,000 in 1923-24 should be dispensed with making a total additional saving of Rs. 88,000.

3. It has been represented to us that much work is thrown on the audit department by the requisitions of local Governments. We are informed that the Auditor General is empowered to determine the form of the accounts to be rendered to his department and of the initial accounts on which the former are based, and that he is only required to furnish the various local Governments with information which can be derived from the accounts maintained in the offices under his control. In practice, the Auditor General appears to accede to the demands of the administrations in regard to the details to be shown in the accounts, with the result that many of the 14,000 detailed heads which were abolished a few years ago have been reintroduced. It is no doubt reasonable that the accounts should be moulded to fit administrative requirements, but the position is unsatisfactory in that the demands from Provincial Governments entail extra expenditure for which they have no responsibility.

4. A similar difficulty is said to arise from the rule under which the Auditor General is bound to furnish local authorities with such assistance as may be required in the preparation of their annual budget estimates. It appears that the local Governments decide what assistance they or their subordinates may require, though under the Devolution Rules the duty of preparing the budget is laid upon the financial department of the local Government. For example, in some cases the audit department has undertaken the printing of the budget estimates, for the preparation of which the local Governments are legally responsible.

5. The Auditor General informed us that an attempt had previously been made to separate audit and accounts, but that the experiment broke down as

a result of the present system under which payments are audited before they are brought to account. In our opinion, in view of the constitutional difficulties arising under the Reforms Scheme from the fact that a Provincial Government can require the audit and accounts department to maintain an account for which the Central Government pay, it is desirable to reopen the question of the separation of the audit and accounts. The Auditor General informed us that if such separation were recommended, it would be necessary to abandon the existing system of audit before account, but that he would acquiesce in this.

6. We are impressed by the voluminous rules against which audit is conducted. The Auditor General informed us that he had in fact been working for several years on the simplification of the rules, but we recommend that the question of further simplification be explored.

Expenditure in England.—This includes £7,900 on account of the net cost of the audit establishment at the India Office, the balance being mainly for leave allowances.

CONCLUSIONS.

Having reviewed the expenditure on audit, we recommend that—

(*a*) the possibility of separating accounts and audit be considered;

(*b*) the question of the further simplification of existing rules be explored; and

(*c*) the budget estimate for audit in 1923-24 be limited to Rs. 79,40,000, saving Rs. 3,76,000.

ADMINISTRATION OF JUSTICE.

The estimates of expenditure and receipts for 1922-23 compare with the revised estimates for 1921-22 and the actual expenditure and receipts for 1913-14 as follows:—

	Expenditure.	Receipts.
	Rs.	Rs.
1913-14, Actuals . . .	8,87,000	2,60,000
1921-22, Revised Estimates .	9,29,000	3,42,000
1922-23, Budget Estimates . .	10,29,000	3,49,000

2. This expenditure is for the maintenance of Civil and Criminal Courts in the minor administrations and is distributed as follows:—

—	1913-14.	1921-22.	1922-23.
	Rs.	Rs	Rs.
North-West Frontier Province.	4,70,000	4,81,000	4,58,000
Delhi	1,14,000	1,24,000	1,45,900
Ajmer	59,000	87,200	93,060
Bangalore	47,000	89,000	1,02,800
Other Minor Administrations	73,000	1,25,800	1,49,240
Miscellaneous	1,21,000	...	..
	8,84,000	8,57,000	9,49,000
Expenditure in England Rs. 15 = £1	3,000	72,000	80,000
Total .	8,87,000	9,29,000	10,29,000

We deal seriatim with the principal items shown above.

North-West Frontier Province.

3. The expenditure shewn for 1913-14 includes amounts since transferred to other heads. Allowing for these transfers, the comparative figure for 1913-14 would be Rs. 2,57,000.

4. We understand that it is proposed to effect economies of about Rs. 12,000 and that provision of Rs. 11,000 for grain compensation allowance will not be required. We think that some saving should also be possible in clerical establishments, which have increased from 42 in 1913-14 to 73 at the present time, and in contingencies, and that the estimates for 1923-24 should be limited to Rs. 4,28,000, a reduction of Rs. 30,000.

We are informed that it is proposed to apply in this area the revised rates of court fees which have been adopted in the Punjab and that the revenue from judicial stamps and process fees will be increased by Rs. 3½ lakhs to a total of over Rs. 10 lakhs.

Delhi.

5. There has been a considerable increase in the number of original civil suits from 1,924 in 1913-14 to 3,316 in 1921, and three temporary Sub-Judges are said to be required to dispose of accumulated work. In view of the desirability of the rapid disposal of cases we make no recommendation. We understand that the new Punjab scale of court fees is being adopted in Delhi and that an increase in the revenue from judicial stamps from Rs. 4,57,000 to Rs. 6,72,000 is anticipated in 1923-24.

Ajmer-Merwara.

6. This expenditure includes provision for an additional District and Sessions Judge (the Commissioner exercising the powers of an appellate court), two Sub-judges and a Judge of a Court of Small Causes, the latter having been constituted since 1913-14. We have been furnished with details shewing the establishment maintained in Gurgaon, the nearest British district. Gurgaon, though smaller in area, contains a population of 800,000 compared with 500,000 in Ajmer, but its establishment is limited to a Sub-judge and a Munsiff's Court and it possesses no separate District and Sessions Judge. In our opinion the establishment in Ajmer is excessive and we recommend that the separate Court of Small Causes should be abolished, saving Rs. 16,000.

We are informed that no steps are being taken, as in other minor administrations, to increase the revenue from judicial stamps, on the ground that proposals have been under consideration for merging Ajmer in the United Provinces and that the scale of court fees has not been raised in the latter administration. We consider it unnecessary to wait until a decision has been reached in this matter, and recommend that the scale of fees prescribed in the Punjab should be adopted, which, it is estimated, would increase the present revenue of Rs. 2,00,000 from judicial stamps by Rs. 1,00,000.

7. *Other Minor Administrations.*—We understand that a reduction of expenditure of Rs. 15,000 is contemplated under this head in Coorg by the abolition of a post of District Magistrate and that the application of the revised Madras scale of court fees will raise the revenue by Rs. 11,000. We make no recommendation with regard to the remaining areas.

CONCLUSION.

Having reviewed the estimates for Administration of Justice, we recommend that the estimates for 1923-24 be limited to Rs. 9,68,000, saving Rs. 61,000.

JAILS AND CONVICT SETTLEMENTS.

The estimates of expenditure and receipts for 1922-23 compare with the revised estimates for 1921-22 and the actual expenditure and receipts for 1913-14 as follows :—

	Expenditure.	Receipts.
	Rs.	Rs.
1913-14, Actuals . . .	19,78,000	4,67,000
1921-22, Revised Estimates .	45,28,000	10,07,000
1922-23, Budget Estimates .	44,35,000	11,11,000

This expenditure, which is incurred on the penal settlement in the Andamans and on jails in the minor administrations, is distributed as shown below :—

——	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
ANDAMANS . . .	16,12,000	36,00,000	35,18,000
OTHER MINOR ADMINISTRATIONS .	3,59,000	8,95,000	8,81,000
MISCELLANEOUS . . .	5,000	...	...
	19,76,000	44,95,000	43,99,000
EXPENDITURE IN ENGLAND (Rs. 15 = £1) . . .	2,000	33,000	36,000
TOTAL .	19,78,000	45,28,000	44,35,000

We deal with these heads seriatim.

ANDAMANS.

	Expenditure.	Receipts.
	Rs.	Rs.
1913-14, Actuals . . .	16,12,000	3,89,000
1921-22, Revised Estimate . .	36,00,000	9,10,000
1922-23, Budget Estimate . .	35,18,000	10,18,000

2. We are informed that, mainly as a result of a recent local investigation into the expenditure of this settlement, the budget estimate for 1923-24 has been reduced to Rs. 30,75,000, saving Rs. 4,43,000. Proposals have been under consideration for closing the penal settlement and developing the Andamans as a free settlement but we are informed that the adoption of this scheme is dependent upon the provision of more jail accommodation in the Major Provinces. We understand that they find it difficult to provide the necessary funds in the present condition of their finances, and also that the jail population in the penal settlement has largely increased recently owing to the transportation of large numbers of Moplah prisoners. The bulk of the prisoners come from the Major Provinces where insufficient jail accommodation is available, and the question arises whether a charge should be made to Provincial Governments for their prisoners maintained in the Andamans.

3. The main cause of the increase in the cost of the settlement since 1913-14 is the heavy expenditure, estimated at Rs. 11,48,000 for 1922-23, incurred in connection with the S. S. Maharaja, which has been chartered by Government for the carriage of passengers, timber, stores and mails to and from the Andamans. We understand that in pre-war years Government paid directly for services rendered in the transport of convicts and stores, and that the actual expenditure for passage money, freight and carriage of stores in 1913-14 amounted to about Rs. 2 lakhs. From 1916 to 1919 the steamer was impressed and run by Government, payment being made to the owners at the blue book rate of Rs. 14 per gross ton which was then below the market rate. In September 1919, a temporary contract was entered into at the rate of Rs. 30 per ton of dead weight, and the contract was renewed at the same rate for a period of 5 years in September 1920. The contract was made in sterling and the fall in exchange has resulted

in a heavy increase in the rupee payment under the contract. The total earnings which accrued to Government by the charter of the steamer for the year ended August 1922 amounted to Rs. 5,72,000. The net loss from the charter of the steamer in that year was therefore Rs. 5,76,000.

MINOR ADMINISTRATIONS.

4. The increased expenditure under Minor Administrations is due to revised scales of pay, and a large increase in the number of prisoners. Some reduction should be possible in 1923-24 owing to the fall in cost of food-stuffs and we recommend that a saving of at least 10 per cent. should be effected in the cost of diet and clothing in 1923-24, which would give the following savings :—

	Rs.
North-West Frontier Province	25,000
Baluchistan	5,000
Delhi	4,000
Ajmer	3,000
TOTAL	37,000

5. The expenditure in England is mainly for leave allowances.

CONCLUSIONS.

Having reviewed the expenditure on Jails, we recommend that--

(1) when the contract for the S.S. Maharaja comes to an end, more favourable terms be secured for the service, if it is considered necessary to maintain it; and

(2) the budget estimate for 1923-24 be limited to Rs. 39,35,000, saving Rs. 4,80,000.

POLICE.

The estimates for 1922-23 compare with the revised estimate for 1921-22 and the actual expenditure for 1913-14 as follows :—

	Rs.
1913-14, Actual Expenditure	33,04,000
1921-22, Revised Estimate	87,24,000
1922-23, Budget Estimate	81,90,000

The expenditure is incurred almost entirely in the minor administrations over which it is distributed as follows :—

——	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
NORTH-WEST FRONTIER PROVINCE	17,05,000	53,10,000	47,78,000
BALUCHISTAN	5,11,000	11,63,000	12,16,000
DELHI	3,92,000	7,81,000	7,92,000
COORG	62,000	1,12,000	1,21,000
AJMER-MERWARA	2,08,000	3,82,000	3,28,000
RAJPUTANA	1,16,000	3,48,000	3,19,000
CENTRAL INDIA	1,46,000	2,22,000	1,56,000
HYDERABAD	37,000	24,000	42,000
BANGALORE	99,000	2,08,000	2,38,000
MISCELLANEOUS	4,000	11,000	7,000
	32,80,000	85,61,000	79,97,000
EXPENDITURE IN ENGLAND (Rs. 15=£1)	24,000	1,63,000	1,93,000
TOTAL	33,04,000	87,24,000	*81,90,000

* The estimate for 1922-23 takes into account deductions to the extent of Rs. 9,51,000 provisionally made under this head to meet cuts made by the Assembly on the total estimates for the minor administrations, the police estimates originally presented having amounted to Rs. 91,41,000. The bulk of these deductions was, however, subsequently taken under other heads and the provision of Rs. 81,90,000 does not therefore represent the actual total expenditure on police.

We deal with the above items seriatim.

NORTH-WEST FRONTIER PROVINCE.

	Rs.
1913-14, Actual Expenditure . . .	17,05,000
1921-22, Revised Estimate	53,10,000
1922-23, Budget Estimate	47,78,000

2. The original estimate for expenditure on police was Rs. 55,69,000, but a sum of Rs. 7,91,000 was provisionally deducted under this head to meet part of the lump cut made by the Assembly in the estimate for this administration. The actual reduction effected under this head amounted to Rs. 1,74,000, leaving the estimate of expenditure for the current year at Rs. 53,95,000.

3. The police in this administration fall into two main classes, the ordinary police who are primarily concerned with the prevention and detection of internal crime and the maintenance of law and order and the frontier constabulary, whose duties are of a semi-military nature, namely, the repelling of attacks by and the pursuit and interception of raiding gangs from independent territory. The following statement shows the distribution of the expenditure :—

	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
Superintendence . . .	65,000	91,000	1,00,000
District Executive Force . .	9,91,000	26,26,900	28,51,000
Special Police	5,99,000	23,79,300	23,95,000
Railway Police	...	99,500	1,01,000
Criminal Investigation Department	45,000	1,08,000	1,17,000
Miscellaneous	5,000	5,300	5,000
	17,05,000	53,10,000	55,69,000
Reductions made towards meeting the cut made by the Assembly .	...	...	1,74,000
TOTAL .	...	...	53,95,000

4. *Superintendence*—

We understand that a reduction of Rs. 10,000 will be effected in this expenditure owing to the appointment of more junior officers, and we consider that further economy should be effected by abolishing the appointment of the Personal Assistant, saving a further Rs. 16,000.

5. *District Executive Force*—

	Rs.
1913-14, Actual Expenditure . . .	9,91,000
1921-22, Revised Expenditure . . .	26,26,000
1922-23, Budget Expenditure . . .	28,51,000

The numbers have increased from 4,144 in 1914 to 5,405 in 1922. We are informed that, largely as result of the recommendations of the local Retrenchment Committee, a reduction of Rs. 3,57,000 is proposed in this expenditure for 1923-24. Of this Rs. 72,000 is due to the replacement of additional police in Bannu by levies, the cost of which is borne on the political estimates. The balance will be made up by reduction in the strength of the force by 251 men and two Deputy Superintendents and by savings of Rs. 1,25,000 in the provision for contingencies and grain compensation. With this reduction the strength of the district police will remain at 5,150 men or 2·3 police per thousand of the population compared with one per thousand maintained in the Punjab. We recognise that conditions in the frontier districts are more troubled than in the Punjab, but we are not convinced that it is essential to maintain under the more settled conditions which now exist, a force which is based largely upon war conditions and which costs, even with the reductions

proposed, over $2\frac{1}{2}$ times the pre-war cost. A proportion double that of the Punjab would necessitate a force of about 4,500 men, and we consider that a further substantial reduction should be effected and the provision for 1922-23 reduced by Rs. 6 lakhs or about Rs. $2\frac{1}{2}$ lakhs over and above the saving proposed by the local administration.

6. We observe that the cost of allowances to the police has increased from Rs. 1,11,000 in 1913-14 to Rs. 7,32,000 in the current year's estimates. A reduction of Rs. 1 lakh is proposed in the provision for grain compensation owing to the fall in prices. Special frontier allowances of Rs. 4 per month are granted to the police in addition to their regular pay which is fixed on the Punjab scales. We are informed that there is no scarcity of recruits for the force and we recommend that the necessity for the continued payment of this allowance be reconsidered in view of the present substantial reduction in the cost of living. The cost of clothing for the police amounts to Rs. 1,00,000 and we recommend that enquiry should be made whether economies could not be effected by a system of central supply for this and other local forces.

7. *Special Police* (*Frontier Constabulary*)—

	Rs.
1913-14, Actual Expenditure	5,99,000
1921-22, Revised Estimate	23,79,300
1922-23, Budget Estimate	23,95,000

The strength of this force has increased from 2,456 in 1914 to 4,790 at the present day. The original strength of the force was 22 companies of infantry. Five companies were added in 1916 and a similar number in 1917. A further increase took place in 1920 when four more companies were added. We are informed that savings of Rs. 1,54,000 have been effected in the current year and that a reduction of Rs. 2,18,000 is proposed in the estimates for 1923-24, thus reducing the provision for "Special Police" to Rs. 21,77,000. This reduction is being effected by the amalgamation of the post of Commandant, Frontier Constabulary, with that of the District Officer, Frontier Constabulary, Peshawar, by the abolition of two companies of constabulary and by smaller provision for grain compensation. It has been represented to us, however, that it is undesirable to effect further reduction in the strength of the frontier constabulary as this force constitutes the most economical form of protection against raids from independent territory which, we are informed, are still numerous. We, therefore, make no recommendation for further reduction until more settled conditions prevail.

8. *Summary.*—We are informed that the budget estimate for expenditure on police in the province in 1923-24 is Rs. 50,25,000. The specific reductions which we have proposed in addition to those taken into account by the Chief Commissioner, amount to Rs. 2,66,000 and we recommend that the estimate for 1923-24 be limited to Rs. 47,59,000, a saving of Rs. 19,000 on the estimate for 1922-23 shown in the table in paragraph 2.

BALUCHISTAN.

	Rs.
1913-14, Actual Expenditure	5,11,000
1921-22, Revised Estimate	11,63,000
1922-23, Budget Estimate	12,16,000

9. This expenditure is incurred on armed police employed in the towns of Quetta, Loralai, Sibi and Fort Sandeman, in the minor townships and on the railways, and the total number employed has increased from 1,417 in 1914 to 2,070 in 1922. Part of this increase in numbers has been due to the policing of the Nushki-Duzdap Railway and to temporary additions made to the C. I. D. staff. As the population of the administered areas is 421,000, this represents an average of 5 policemen per thousand of the population compared with 2·3 per thousand in the North-West Frontier Province and one per thousand in the Punjab. Apart from the increase in numbers, we understand that the greater part of the increased cost of the force is due to the raising of the pay of constables from Rs. 11—14 to Rs. 23—26 and to an increase from Rs. 17 to

Rs. 40 in the horse allowance granted to mounted men who now number 269. We are informed that the greater part of the force is recruited from the Punjab, which fact, together with the higher cost of living in Baluchistan, made it neeessary to pay these high rates. We recommend, however, that, in view of the general fall in prices, the possibility be considered of introducing a lower scale of pay in the case of new recruits.

10. We are informed that the question of police organization in Baluchistan was recently examined by a local committee which, so far from recommending a reduction in expenditure, has come to the conclusion that additions to the force costing Rs. 30,000 a year are required. We are further informed that the budget estimate for 1923-24 for expenditure on police in Baluchistan is estimated at Rs. 13,32,000, or Rs. 1,16,000 in excess of the estimate for the current year.

11. We understand that the armed police in Baluchistan are required not only for ordinary police duties but also in a semi-military capacity for the protection of bazars and railways against raids by turbulent elements in the population. It would appear, however, that much of the increase in numbers and cost is due to the unsettled conditions which prevailed during and after the war, and we do not consider that present financial conditions justify any increase on the provision made in the budget for 1922-23, this being more than double the expenditure in 1913-14 and Rs. 2 lakhs in excess of the expenditure in 1920-21. With the fall in prices it should be possible to effect considerable savings in the expenditure on horse and clothing allowances and other supplies, and we recommend that the estimate for 1923-24 should not exceed the amount of Rs. 12,16,000 provided in the current year's budget.

Delhi.

	Rs.
1913-14, Actual Expenditure . . .	3,92,000
1921-22, Revised Estimate	7,81,000
1922-23, Budget Estimate	7,92,000

12. The total number of permanent police is stated to be 1,426 and, in addition, there existed on April 1st, 1922, a temporary force of 202 men, representing a reserve created during a period of acute political disturbances. This temporary force has now been reduced to 92, though we understand that proposals have been made for a permanent addition of 125 men to the force. The population of the Delhi Province is 488,000, of whom 304,000 live in the city. Allowing an average of one policeman per thousand for the rural area, the proportion for the city area is one policeman for 244 persons which is high compared with the proportion in cities such as Bombay and Madras where, we understand, the proportions are one policeman to 263 and 318 respectively. We recognise that conditions in Delhi are special, but we consider that some reduction should be possible in this expenditure and that, when temporary additional police are required, they should be obtained from the Punjab. We recommend that the estimate for 1923-24 be reduced to Rs. 7,00,000, a saving of Rs. 92,000.

Coorg.

	Rs.
1913-14, Actual Expenditure	62,000
1921-22, Revised Estimate	1,12,000
1922-23, Budget Estimate	1,21,000

13. The strength of the force has increased from 253 in 1913-14 to 273 provided for in the budget of 1922-23. We are informed that as a result of the enquiry made by the officer appointed to investigate the expenditure in Coorg, reductions of about Rs. 16,000 are proposed in the police estimates, that further reductions of about Rs. 3,500 are under consideration, the strength of the force being thus reduced to 225 men, and that it may be possible to secure further savings of about Rs. 2,500 on the pay of an Assistant Superintendent. We recommend that the budget for 1923-24 be fixed at Rs. 1,00,000, a saving of Rs. 21,000.

AJMER-MERWARA.

	Rs.
1913-14, Actual Expenditure	2,08,000
1921-22, Revised Estimate	3,82,000
1922-23, Budget Estimate	3,28,000

14. The estimates for 1922-23 allow for a deduction of Rs. 50,000 made provisionally under this head to meet the cut made by the Assembly in the total demand for this province. Savings in contingent and other expenditure to the extent of Rs. 21,000 have been effected in the current year. The strength of the force is one Superintendent, a Deputy Superintendent and 941 other ranks which works out to an average of one policeman per 526 of the population of the province (495,000). *Primâ facie* this is a high proportion compared with the Punjab but it has been represented that the circumstances of Ajmer are special owing to the isolation of the province and the high incidence of crime. We consider, however, that with the fall in prices some reduction should be possible in the cost of the police under such items as allowances, clothing, etc., and we recommend that the provision for 1923-24 should not exceed the curtailed estimate of Rs. 3,28,000 for 1922-23.

We observe that in the Rajputana budget provision is made for an Inspector General (costing with a Personal Assistant Rs 36,000) who, we are informed, is the administrative and controlling officer for the Ajmer-Merwara police and also controls the Rajputana-Malwa Railway police numbering some 550 men under a Superintendent. It should, in our opinion, be possible to amalgamate the three appointments of the Inspector General, the Superintendent, Ajmer, and the Superintendent, Railway Police, but we take the probable saving into account in dealing with the Rajputana Police.

RAJPUTANA.

	Rs.
1913-14, Actual Expenditure	1,16,000
1921-22, Revised Estimate	3,48,000
1922-23, Budget Estimate	3,19,000

15. The estimates for 1922-23 represent the original demand of Rs. 3,85,000 less the deduction of Rs. 66,000 made by the Assembly in the total demand for this administration, which deduction was provisionally taken under this head. We understand, however, that economies of only Rs. 18,000 have been effected or proposed. We are informed that a contribution of Rs. 15,000 is received from the Durbars towards the cost of criminal investigations carried on by the Rajputana Agency Police, but that its remission has been suggested on the ground that the Durbars no longer require assistance in police investigation. We consider that, in this case, steps should be taken to reduce the expenditure on the Agency police; and that, in the alternative, if assistance continues to be furnished to the Durbars, the amount of the contribution which was fixed in 1911 should be raised in view of the increase in the cost of the police since that date.

16. The greater part of the expenditure is on account of the police on the Rajputana-Malwa Railway, the gross expenditure on which is Rs. 2,89,400. This estimate provides for a Superintendent and 550 police. The Railway, we are informed, makes an annual contribution of Rs. 1,52,000 under an arrangement arrived at in 1918 under which Government meet the entire cost of "crime and order" police while the Railway pay the cost of the "watch and ward" police and pay to Government a lump sum contribution which represents the difference between the cost of watch and ward police and the sum which the Railway used to pay to Government. Apparently the effect of this arrangement is that the Railway do not bear a share of the increasing cost of the police, and we consider that the arrangement should be revised in order to secure from the Railway administration a proper charge for the cost of services rendered.

As we have observed in our remarks upon the Ajmer police, we see no justification for the maintenance of three administrative officers in this area

for a police force which numbers less than 1,550 men, including the District, Agency and Railway police. We consider that the appointment of Inspector General and his separate establishment could be abolished without serious inconvenience, saving at least Rs. 50,000, and that further economies should be effected in supplies and contingencies. Allowing for the savings already offered by the administration we recommend that the provision for 1923-24 should be limited to Rs. 3,00,000, which was the actual expenditure of 1920-21. This represents a reduction of Rs. 85,000 in the original demand for the current year and of Rs. 19,000 on the budget allotment made after deduction of the cut of Rs. 66,000 effected by the Assembly.

CENTRAL INDIA.

	Rs.
1913-14, Actual Expenditure . . .	1,46,000
1921-22, Revised Estimate	2,22,000
1922-23, Budget Estimate	1,56,000

17. The original net estimate for 1922-23 was Rs. 1,95,370 (after deduction of Rs. 32,700 for Moghia contributions from the Durbars). From this net estimate Rs 39,000 were provisionally deducted to meet part of the cut made by the Assembly in the total budget of this administration. It was not, however, found possible to give effect to the cut made, and the receipts from contributions from the Durbars are now expected to amount to only Rs. 13,000 with the result that the actual expenditure during 1922-23 is estimated at Rs. 2,44,000. The proportion of police to population is five per 1,000 which is very high even allowing for the fact that most of the population is urban. We understand that a part of the staff is maintained for work performed for the States, a contribution being made by the States towards the expenditure involved. We are informed that the abolition of this contribution is under consideration, but we consider that any services should be fully paid for or the additional police abolished. Some additions to the force are said to have been proposed on account of the reduction of the Malwa Bhil Corps referred to in our report on the Political estimates, but we think that the police force in Central India should be capable of taking over the guard duties performed by the Bhil Corps without substantial addition to their numbers. Making some allowance for this we recommend that police expenditure in Central India should be limited to Rs. 2,00,000.

EXPENDITURE IN OTHER MINOR ADMINISTRATIONS AND IN ENGLAND.

18. We make no recommendations as regards other areas. The expenditure in England is on account of leave allowances.

CONCLUSION.

Having reviewed the expenditure on Police, we recommend that the budget estimates for 1923-24 be limited to Rs. 80,83,000. This represents a reduction of Rs. 1,07,000 on the estimates for 1922-23, after deduction of the cuts made by the Assembly, but the real saving compared with the expenditure now estimated for 1922-23 is over Rs. 9 lakhs.

PORTS AND PILOTAGE.

The estimates for expenditure and receipts in 1922-23 compare with the revised estimates for 1921-22 and the actual expenditure and receipts in 1913-14 as follows :—

	Expenditure.	Receipts.
	Rs.	Rs.
1913-14, Actuals . .	16,72,000	22,04,000
1921-22, Revised Estimates .	24,89,000	22,87,000
1922-23, Budget Estimates .	26,32,000	24,21,000

2. The expenditure is incurred in the following provinces, etc :—

— —	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
Bombay	1,60,000	1,04,000	1,30,000
Bengal	13,43,000	17,43,000	18,66,000
Burma	1,66,000	3,63,000	3,78,000
Bihar and Orissa . . .	...	7,000	7,000
Deduct lump reduction made by the Assembly . . .	...	...	- 1,20,000
TOTAL .	16,69,000	22,17,000	22,61,000
Expenditure in England at Rs. 15=£1	3,000	2,72,000	3,71,000
TOTAL .	16,72,000	24,89,000	26,32,000

3. "Ports and Pilotage" includes expenditure on various services connected with shipping which may be grouped under the following heads : —

Bengal pilot service.
Light houses and light ships.
Port establishments.
Survey of vessels.
Shipping offices.

There has in the past been little uniformity as to the authority by which these services are administered or as to the basis on which charges are levied on shipping for the duties performed. We are informed, however, that the main questions involved are under special enquiry. We have consequently considered it unnecessary to examine them in great detail.

4. *Bengal pilot service—*

	Expenditure.	Receipts.
	Rs.	Rs.
1913-14, Actuals . . .	10,54,000	14,64,000
1921-22, Revised Estimate .	15,17,000	12,20,000
1922-23, Budget Estimate .	16,18,000	14,00,000

We understand that this service was formerly self-supporting, but it appears from the foregoing figures that during the last two years a loss has occurred on its working even without taking into account charges for interest on capital, depreciation, cost of leave and pensions and other miscellaneous expenditure. We are informed, that the subject is at present under examination by a Committee with the object of reducing the cost of this service and of investigating the advisability of its transfer to the Port Commissioners.

5. *Light houses and light ships.*—This expenditure relates to certain lights on the Burma and Sind coasts and at Aden. We understand that there is a great diversity of practice with regard to the incidence of charges for the maintenance of lights, but in this matter also the Government of India have instituted a comprehensive enquiry.

6. *Port Officers.*—The estimates include provision for port officers in Calcutta and Rangoon, and we understand that the Government of India are enquiring into the question whether these offices should not be placed under the Port Commissioners at these ports.

7. *Expenditure in England.*—Apart from a small amount for the purchase of stores, this expenditure is on account of leave allowances.

8. *General.*—The budget estimate for 1922-23 showed an excess of expenditure over receipts of Rs. 2,11,000. We consider that steps should be taken to

make the various services under this head entirely self-supporting, after taking into account pensionary charges, depreciation, interest on capital, etc., and that expenditure in 1923-24 should be limited to the amount of receipts estimated for 1922-23, saving Rs. 2,11,000.

CONCLUSIONS

Having reviewed the expenditure on Ports and Pilotage, we recommend that—

(1) steps be taken at an early date to make the various services included under this head self-supporting; and

(2) the expenditure under this head in 1923-24 be limited to Rs. 24,21,000, saving Rs. 2,11,000.

ECCLESIASTICAL EXPENDITURE.

The estimate for 1922-23 compares with the revised estimate for 1921-22 and the actual expenditure for 1913-14 as follows :—

	Rs.
1913-14, Actual Expenditure . . .	19,15,000
1921-22, Revised Estimate	31,11,000
1922-23, Budget Estimate	33,83,000

The increased expenditure since 1913-14 is almost entirely due to the revision of pay and allowances and to the inclusion of leave allowances not previously shown under this heading; there has been no increase in the number of chaplains employed. The major portion of the expenditure is for spiritual ministrations to the British Troops in India but in addition the Bishops of Calcutta, Madras and Bombay and their Archdeacons are maintained under statute.

So far as we can ascertain there is no definite basis for the distribution of ecclesiastical expenditure between the civil and military estimates, but we are informed that a proposal is now under consideration for the formation of an Army Chaplains' Department, the cost of which would be borne entirely in the Army estimates. It should be laid down, however, that, if this proposal is proceeded with, no additional expenditure should be involved. We also understand that the Metropolitan and many of the leading Bishops in India are in favour of having an autonomous Church in India like the Churches in the Dominions and we recommend that early decisions be arrived at on these important questions.

The necessity for curtailing expenditure during the present period of financial stringency has been recognised and five chaplaincies have been abolished. We think, however, that further economy should be effected and, as we have ascertained that 16 chaplains are due to retire next year, we recommend that these vacancies should not be filled until the future policy in regard to ecclesiastical matters is definitely settled. We think that some minor economies should also be possible and that the provision for 1923-24 should be limited to Rs. 31,83,000, a reduction of Rs. 2,00,000.

SUPPLEMENTARY NOTE BY THE HON'BLE MR. PURSHOTAMDAS THAKURDAS ON ECCLESIASTICAL EXPENDITURE.

The policy underlying ecclesiastical expenditure a subject of frequent discussion during the past fifty years.

1. The justification for the continuously growing expenditure by the State on ecclesiastical affairs has frequently been the subject of discussion during the past fifty years, both from the point of view of finance and other points of view, such as the disparity of treatment, which, it is contended, gives the lion's share of State assistance to one Church or the alleged inequity of taxing the Muslim and Hindu communities to support Christian religions, or the vexed question of the scope of such State assistance.

2. In 1846 the Court of Directors of the East India Company defined their obligations as then recognised, to be "our duty to provide the means of spiritual instruction according to the principles of our National Church for the Christian servants of the State and their families"

Short resume of the policy—1846.

In 1876 Lord Northbrook's Government limited the obligations of Government to "providing within reasonable limits the ministration of religion for British-born European servants of the Crown, and specially for soldiers and their families."

1876.

In 1883 the question was again discussed by Lord Ripon and his Council. Lord Ripon and his colleagues who agreed with him confined the area of State obligation to European British-born soldiers with their families, and the same class of State Railway servants, in each case within reasonable limits. In laying down their policy, they held that the obligation to provide for Christian servants born in India would admit the obligation to provide equally for the religious wants of non-Christian servants of the Crown, and this could not be done. Regarding the spiritual needs of civil servants they maintained that they would be too few and too scattered outside military cantonments to justify any provision, and moreover they were able to pay for the services they required.

1883.

The majority of Lord Ripon's Council, however, did not agree with him and extended the range of State obligation beyond the primary duty of providing for British soldiers within reasonable limits, to all Christian servants of Government and their families wherever born. But they proposed to cease appointing chaplains to any non-military stations except the seats of Government and cathedral towns, and elsewhere only to give grants-in-aid to sufficient congregations of all Christian denominations.

The Finance Committee of 1886 based their recommendations for certain economies on the general principles of agreement expressed in the Despatch of 1883 that the employment of chaplains should be confined to military stations where there were European troops, to cathedral towns, and the headquarters of Government, and that some form of grant-in-aid should be given to clergy at other stations than these.

1886.

3. These principles have been reiterated by the Government of India in dealing with proposals for increase in ecclesiastical establishment and may be said to be their present policy in ecclesiastical matters as regards new expenditure.

The recent policy.

There is at present before Government a proposal for the disestablishment of the Church of England, and for the introduction in India of an autonomous church like the churches in the Dominions. This is said to be essentially a religious rather than a financial question. The Draft Indian Church Measure which is before Government at present, will, after going through certain stages of approval by various parties concerned, require examination by the Government of India and the Secretary of State, and finally will have to be introduced into the Houses of Parliament by the National Assembly of the Church of England under the Church of England Assembly (Powers) Act. This measure in its present form contemplates some State assistance.

4. In view of the grave financial situation of the Government of India it is necessary to consider, at this stage, whether it is incumbent upon Government, as a matter of vital importance, to continue to incur growing expenditure on the present scale. It would appear to be necessary that the policy, which has dictated expenditure on ecclesiastical matters in the past, should be re-examined. I consider it my duty therefore to make a few observations on this question although I realise that it is a delicate question for a non-Christian to handle.

Grave financial situation necessitates reconsideration of policy.

5. I understand that in hardly any Dominion or Crown Colony is a system such as the Indian system in force. The conditions prevailing at present in India are substantially different from those prevailing in India in 1846 or 1883. In 1846 practically all Europeans in India

Altered conditions and the example of the Dominions and of non-Christian communities in India warrant change of policy.

came as servants of the East India Company. Since then and even since 1883 the number of European Christians in India has materially increased on the side of non-official population. I do not believe that they are not capable of paying for their religious ministrations. There is no reason why European Christians, who, I understand, pay to a large extent, for their own religious ministration in all European countries, and, in the Dominions and Crown Colonies of the British Empire, should feel hurt by being asked to spend for their own religious ministrations in India, as indeed the rest of the population of India, Hindus, Mohammedans, Parsees, Jews, etc., have been doing.

The principle regarding ecclesiastical expenditure.

6. The foregoing considerations lead to the conclusion that no State aid is in principle necessary in India for the religious ministrations of any community, although the policy and custom followed till now may warrant the exception of British troops and of European Christian servants of the Crown.

Application of the principle.

7. On this principle the existing expenditure of the Government of India under the head "Ecclesiastical" is capable of further substantial reduction than that recommended by my colleagues. The number of chaplains should be steadily reduced by not filling up vacancies as they occur, till the minimum necessary for purely military stations, at which British troops are placed in sufficiently large numbers, is attained.

To the Church of England.

At present Government maintain 166 chaplains of the Church of England (including one staff chaplain at Army Headquarters). The Committee are informed that the Government of India have ordered a reduction of five already. My colleagues have recommended a reduction of further sixteen, since at present twenty-one chaplains are maintained at places which are neither military stations nor headquarters of Government, nor cathedral towns. But if the policy recommended herein is adopted there would be no necessity to maintain chaplains at headquarters of Government or at cathedral towns, and their reduction could be carried on till Government chaplains remain only at military stations. At places where there is a mixed congregation of (1) European officials and/or British troops in numbers smaller than the minimum required for one chaplain, and (2) non-official Europeans and Anglo-Indians, a grant-in-aid for the clergy might be substituted for Government chaplains, the amount of the grant depending upon the proportion of the two. Such grants-in-aid are, I understand, already being given to clergymen of the Additional Clergy Society at several places and I would recommend an extension of this system.

The approximate further saving that is possible from the Church of England Estimates may be estimated. The Committee are informed that about 100 chaplains are engaged in ministering to British troops, either exclusively or in addition to the civil duties of the stations, to which they are posted. It may therefore be assumed that a strength of approximately 100 would suffice for the purely military stations, including a leave reserve. As my colleagues have recommended a reduction to 145 chaplains, this further reduction would save the cost of 45 chaplains and their establishment to the Indian revenues. The average cost of a chaplain—pay, allowances and contingencies—is Rs. 13,653 excluding pensionary charges, and Rs. 20,853 including same. If a grant-in-aid of Rs. 300* per month is assumed to take the place of a chaplain at each of the 45 places, the annual saving recommended would amount to Rs. 10,053 per chaplain rising ultimately to Rs. 17,253 or to Rs. 4,52,385 rising ultimately to Rs. 7,76,385.

To the Church of Scotland.

The Government of India at present maintain 18 chaplains of the Church of Scotland, six of whom are stationed at Madras, Bombay and Calcutta under section 122 of the Government of India Act, 7 are attached to Scotch regiments, one is stationed at Karachi and four are on leave. On the general principle of this minute, this leaves room for reduction by seven chaplains at

* NOTE.—The allowance at present paid to Roman Catholic and Wesleyan chaplains varies from Rs. 250 to Rs. 375 *plus* an additional allowance of Rs. 30. The assumption of grant-in-aid of Rs. 300 is based on this. It may be added that the assumption of a total grant-in-aid of Rs. 45 × 300 per month errs on the side of liberality as it implies that a grant-in-aid would be required at each of the 45 places.

Bombay, Madras, Calcutta and Karachi, *plus*, say, one on leave. As Church of Scotland chaplains are paid like the Church of England chaplains, the saving effected by a reduction of eight would be Rs. 10,053 × 8 = Rs. 80,424, rising ultimately to Rs. 17,253 × 8 = Rs. 1,38,024.

The maintenance of the Church of Scotland chaplains of Bombay, Madras and Calcutta is necessitated by the Government of India Act. The reasons necessitating this provision in the Government of India Act do not hold now, but a change in this requires Parliamentary sanction.

To the statutory bishops.

The same considerations apply to the three statutory bishops of Calcutta, Madras and Bombay who are required to be maintained by the Government of India Act. The expenditure on these bishops and their establishments excluding the chaplains and archdeacons* under them, is at present, approximately Rs. 1,50,000. The pension charges incurred on statutory bishops who retire amount to roughly Rs. 45,000. Hence Rs. 1,95,000 may be taken as the possible ultimate saving after the necessary Parliamentary sanction is obtained. I understand that the statutory bishops are remunerated at higher rates than non-statutory bishops. The reasons for this may well be examined and if possible the remuneration be reduced, pending the sanction of Parliament for the abolition of these bishoprics.

The total ultimate saving recommended in this minute thus amounts to:—

Total saving.

Rs.	
7,76,385	Church of England estimates.
1,38,024	Church of Scotland estimates.
1,95,000	Statutory Bishoprics.
Total 11,09,409	

If the principle underlying this Note be accepted the total saving should in round numbers come to Rs. 11,09,000 in addition to the saving of Rs. 2,00,000 recommended by my colleagues.

Expenditure on religious teachers for Indian troops unnecessary except on the frontiers or outside India.

8. I think it equally necessary to draw attention to the increasing expenditure on Indian religious teachers for Indian Units, in the Army Estimates. The amount spent under this head in 1913-14 was Rs. 34,000. The corresponding budget estimate for 1922-23 shows an expenditure of Rs. 2,23,000. Religious teachers, *i.e.*, Granthis, Pundits and Moulvies, were allowed on a certain scale to Indian fighting units before the war. The arrangement still continues, but the status and emoluments of these men have now been considerably improved with reference to a recommendation of the Esher Committee. I do not see either the necessity or the advisability of this increase in expenditure, or indeed, of any expenditure, under this head for Indian soldiers in India on the peace establishment. One can understand the reason for maintaining chaplains for British soldiers in India, or for maintaining religious teachers for Indian soldiers on active service at the frontiers or outside India; but when the Indian soldier is stationed in his own country, with mosques or temples available within reasonable distance of his camp, I feel that any expenditure from the Government Treasury on religious teaching for him is uncalled for. The parallel of regimental chaplains attached to British troops in England, or of chaplains for British troops in India, need not be followed in regard to Indian troops in peace time, since neither the tradition and practice till now, nor the finances of the Government of India, warrant such an innovation at this stage.

PURSHOTAMDAS THAKURDAS.

DELHI;
The 1st February 1923.

* NOTE.—Among the 166 chaplains of the Church of England referred to in sub-paragraph 2 of this paragraph, are included the three statutory archdeacons of Calcutta, Madras and Bombay, the four diocesan bishops of Lucknow, Lahore, Rangoon and Nagpur, and any chaplains under the statutory bishops. The saving possible by the reduction of these is included in the estimated saving of Rs. 7,76,385 referred to above. The abolition of the statutory archdeacons would require Parliamentary sanction.

SCIENTIFIC DEPARTMENTS.

The total estimates for 1922-23, including a supplementary grant of Rs. 29,000 under Archæology, compare with the revised estimates for 1921-22, and the actual expenditure for 1913-14 as follows:—

	Rs.
1913-14, Actual Expenditure	44,79,000
1921-22, Revised Estimate	1,16,83,000
1922-23, Budget Estimate	1,12,60,000

2. This expenditure is sub-divided under the main heads shown below:—

Head.	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
Survey of India	25,94,086	37,88,000	35,09,000
Meteorology	4,27,266	6,16,000	7,14,000
Geological Survey	3,06,073	4,37,000	6,46,000
Botanical Survey	45,082	28,89,000	27,15,000
Zoological Survey	*1,28,711	1,56,000	1,77,000
Archæology	3,57,850	15,10,000	16,29,000
Mines	98,312	1,69,000	2,27,000
Other Scientific Departments	43,767	3,55,000	4,05,000
	40,01,147	99,20,000	1,00,22,000
Expenditure in England (Rs. 15=£1)	4,78,000	17,63,000	12,38,000
Total	44,79,147	1,16,83,000	1,12,60,000

*Zoological section of the Calcutta museum.

This table shows that there has been a considerable increase in activity in all the Scientific Departments, and that the total expenditure involved has risen from Rs. 44,79,000 in 1913-14 to Rs. 1,12,60,000 required for 1922-23, an increase of Rs. 67,81,000.

We will now deal seriatim with the main heads under which the account is set out above:—

Survey of India.

	Rs.
1913-14, Actual Expenditure	25,94,000
1921-22, Revised Estimate	37,88,000
1922-23, Budget Estimate	35,09,000

3. Final figures are now available which shew a saving of Rs. 2,10,000 on the revised estimate of 1921-22.

The above figures represent net expenditure after deducting amounts recovered from other Government Departments and from Provincial Governments. The gross expenditure has increased from Rs. 35,30,000 in 1913-14 to Rs. 56,82,000 estimated for 1922-23 and the amount recovered from Rs. 9,36,000 to Rs. 21,73,000. The expenditure may be analysed as follows:—

	1913-14.	1922-23.
	Rs.	Rs.
Controlling and Administrative Staff	1,31,047	1,44,570
Headquarters Offices:—		
Correspondence and Drawing Office	2,34,719	3,76,240
Lithographic and Photographic Offices	1,60,745	3,19,470
Engraving Office	61,088	77,500
Trigonometrical Office	1,70,160	3,64,560
Mathematical Instrument Office	1,73,081	4,46,820
Simla Drawing Office	80,378	1,00,590
Bengal Drawing Office	...	19,530
Bihar and Orissa Drawing Office	37,714	12,830
Survey Parties	23,97,653	37,24,310
Miscellaneous	83,483	95,700
Total Expenditure	35,30,068	56,82,120
Less—		
Recovered from other Government Departments, etc.	9,35,982	21,73,120
Net Expenditure	25,94,086	35,09,000

The total establishment employed has increased from 7,453 in 1913-14 to 7,841 required for 1922-23, involving an additional expenditure of about Rs. 5½ lakhs.

4. We are informed that the main functions of the Survey Department are to provide Topographical Surveys and maps of the whole of India, to explore neighbouring countries where possible, to provide survey personnel for any military operations and to carry out any large surveys for the Military authorities, Local Governments or other Departments such as Forest, Geological, etc.

The sanctioned cadre of Class I Administrative officers is 62, of whom 51 are Military Officers, three-fourths of whom are Royal Engineer and one-fourth Indian Army Officers. We discussed with the Surveyor General the necessity for retaining such a large proportion of highly paid military personnel in this service and ascertained that the estimated number of officers required for survey work in an Afghan war is 14. It was stated that the main argument for retaining military officers was that they would form an efficient Royal Engineer reserve in case of a great war. This argument, however, does not apply to Indian Army officers and, further, we are of the opinion that the cadre of military officers should be progressively reduced and that any vacancies in class I administrative posts should be filled by cheaper civilian agency recruited from the existing staff if possessing the necessary qualifications. This would effect a substantial ultimate economy and we consider that an immediate saving of at least Rs. 50,000 should be effected by this means and by a reduction in staff in 1923-24.

5. We understand that there is throughout the Indian Empire an enormous aggregate expenditure every year on survey operations of all kinds which are urgently needed for various purposes and which are not paid for from Imperial Revenues. If these surveys were carried out in such a manner that they could be incorporated as part of the department's topographical maps, without the same areas having to be surveyed over again at the cost of Imperial Revenues, considerable economy would be effected. We are of the opinion that close co-operation between the Survey Department, Local Governments and other bodies requiring survey work to be carried out is essential if maps of the whole of India are to be prepared and maintained moderately up to date at a reasonable cost.

We now deal with the main headings under which the expenditure has largely increased since 1913-14.

6. *Lithographic and Photographic Establishments*—

	Rs.
1913-14, Actual Expenditure . . .	1,60,745
1921-22, Actual Expenditure . . .	2,84,092
1922-23, Budget Estimate	3,19,000

The large increase since 1913-14 is mainly due to increased rates of pay. Three additional map printing machines have been installed, making a total of 10 machines in use. The number of prints taken off increased from 2,286,845 in 1913-14 to 3,736,999 in 1920-21. The total staff employed has increased from 346 in 1913-14 to 388 at the present time and we are informed that reduction to pre-war numbers would be more than set off by reduced sales of maps.

We think however that a saving of about 20 per cent. should be possible in the expenditure of Rs. 42,100 on supplies and services which is mainly for photographic chemicals, the price of which has fallen considerably.

7. *Trigonometrical Survey Office*—

	Rs.
1913-14, Actual Expenditure	1,70,160
1921-22, Actual Expenditure	3,10,636
1922-23, Budget Estimate	3,64,560

The total staff employed in this office has increased from 166 in 1913-14, costing Rs. 1,35,000 to 278 in 1922-23, costing Rs. 2,90,000. We are informed that the additional staff was required to cope with increased work which necessitated the number of map printing machines being increased from 2 to 3. Additional pupil draftsmen were also engaged, but in view of the

necessity for retrenchment, the total staff employed has already been reduced by 40, saving Rs. 15,000.

The provision for contingencies has increased from Rs. 18,290 in 1913-14 to Rs. 64,900 for 1922-23, mainly due to the purchase of paper. A considerable reduction should be possible in 1923-24 and we think the provision should be limited to Rs. 40,000, a reduction of Rs. 24,900.

8. *Mathematical Instrument Office—*

	Rs.
1913-14, Actual Expenditure	1,73,081
1921-22, Actual Expenditure	3,87,880
1922-23, Budget Estimate	4,46,820

The Mathematical Instrument Office is a depôt for the supply, repair and adjustment of mathematical and other instruments used in various government departments and offices. It also acts as a storage depôt.

The accounts of this office were recently examined by Messrs. Price Waterhouse and Company, who submitted their report in April 1922. They recommended that the present system of accounts should be revised on a commercial basis and in their report they stated that, in their opinion, the Mathematical Instrument Office is not of a size to render necessary the retention of three higher officials in the shape of an Officer-in-charge, a Works Manager and an Accountant. No action has yet been taken on this report and we consider that the matter should be dealt with without further delay.

We are informed that instruments are issued at the book value *plus* 25 per cent. to *quasi*-commercial departments of Government and that repairs are charged for at cost price *plus* 10 per cent. For other Government Departments and offices no percentage additions are made. We consider that the charges should be fixed on a uniform basis for all departments and cover the full cost of all overhead expenses.

We have ascertained that it is the practice to maintain a stock of instruments adequate for meeting any ordinary local emergency without delay and that indents are based upon the average issues of each class of instrument. The total receipts, issues and stock on hand for 1921-22 were as follows :—

	Value. Rs.
Stock on hand 31st March 1921	9,51,480
Total receipts	13,30,189
Total issues	11,08,821
Stock on hand 31st March 1922	11,72,848

During the first 8 months of the current year the value of the receipts was Rs. 5,72,695 and of the issues Rs. 6,90,119 and it would appear probable that at the end of the current year there will still be one year's supply of instruments, etc., on hand. We are of the opinion that these stocks should be reduced to not more than 6 to 9 months' supply of imported stores and 3 months' supply of stores manufactured in India. Further we think that Departments should be required to forward half-yearly indents to the Mathematical Instrument Office and that orders for imported stores should be based on the actual demands of the Departments instead of on their anticipated requirements.

9. *Survey Parties—*

	Rs.
1913-14, Actual Expenditure	23,97,653
1921-22, Actual Expenditure	34,08,933
1922-23, Budget Estimate	37,24,310

There are 12 Survey parties all of which are employed on topographical work but it is proposed that one of these should be diverted to a large scale survey of the Jherriah and Raniganj coal fields though the cost of the party will still fall on central revenues.

We are of the opinion that in the present financial circumstances the country cannot afford to maintain 12 survey parties and we consider that it

should be possible to come to some satisfactory arrangement in the manner already outlined under which where survey work is required by Local Governments or others it should be undertaken by certain of the survey parties on special terms to be agreed, provided that the results can be satisfactorily incorporated in the topographical maps.

10. Unless this can be done, we think that the number of survey parties should be so limited that, after taking into account the economies of Rs. 98,000 which we have indicated in other branches, the total net estimate for the Survey of India on its present basis will be reduced to Rs. 26,00,000 for 1923-24 as compared with Rs. 35,09,000 for 1922-23, a saving of Rs. 9,09,000.

11. It has been decided that certain survey expenditure is at present included under other heads, namely, Rs. 1,48,000 under Land Revenue and Rs. 1,30,000 under Forests should be transferred to the Survey of India. We understand that the charges shown under Land Revenue represent a book transfer of a portion of the cost of the Surveyor General's office, and that those shown under Forests are largely on account of work done for Local Governments. We consider that all work of the latter nature could best be dealt with in the manner we have just suggested, and we assume that at least one-half of the expenditure transferred from the Forest head should be recoverable. In dealing with the Land Revenue and Forest heads we take credit for the transfer of these items of expenditure to the Survey of India, and there will therefore be an additional charge to be borne by this head. Allowing for this, we suggest that the total net budget of the Department should be fixed for 1923-24 at Rs. 28 lakhs—a total saving of Rs. 9,09,000 of which Rs. 7,09,000 accrues under this head.

12. We consider that the question of retaining the headquarters of the Survey Department on its present valuable site in Calcutta should be again examined. The land and buildings now occupied would realize a very considerable sum probably much in excess of the cost of a new site and buildings elsewhere. This matter was considered by a Committee in 1916 and they made certain recommendations in this direction which, however, so far have not been acted upon.

METEOROLOGY.

	Expenditure.	Receipts.
	Rs.	Rs.
1913-14, Actual Expenditure .	4,27,266	*Nil.*
1921-22, Revised Estimate . .	6,16,000	20,500
1922-23, Budget Estimate . .	7,14,000	18,300

13. Since 1913-14 the expenditure has increased by Rs. 2,87,000 of which Rs. 78,000 is due to revision of pay, Rs. 38,000 to increased establishments and the remainder to contingencies, including the cost of special investigations.

The total staff employed on the 1st April 1922 compared with 1913-14 was as follows :—

	1914.	1922.
Officers	13	14
Clerks	130	158
Menials	89	98

The Department has suggested the abolition of the post of one officer and other economies which will effect an annual saving of Rs. 60,000. In addition, it is proposed to raise the charge for the "Daily Weather Reports" and curtail the free issue which it is anticipated will increase the revenue by Rs. 4,000 per annum.

The main work of the Department consists of obtaining the particulars necessary for the compilation of the daily weather report and for the issue of storm and flood warnings. Information is obtained from 175 observatories daily and also from ships in the Arabian Sea. Storm warnings are issued to 75 Ports and warnings of heavy winds and floods are issued to 232 officers mainly connected with Canals, Railways, and Irrigation works which are

liable to be seriously damaged. We have considered the question of reducing the number of reporting stations but no appreciable economy could be effected without a substantial reduction in the number of inland reporting stations. In Bengal, where the stations are most numerous, there is only one reporting station to every 6,000 square miles, and we were informed that any large reduction would make it impossible for the Department to estimate the position of the rainbearing storms. In these circumstances we are unable to recommend any reduction in the number of stations.

The Agra Aerological Observatory, with its 8 sub-stations costing Rs. 73,650 for 1922-23, is maintained primarily for Upper Air Work observations. India is pledged as a signatory to the Air Convention to obtain a knowledge of the air conditions over India and, although the establishment has only been sanctioned temporarily until March 1923, we consider that information in regard to Upper Air conditions is essential for aviation, and general meteorological purposes and we do not therefore recommend any reduction.

We are of the opinion that the "Monthly Weather Review" should be abolished, and that weather reports should be discontinued in Madras and elsewhere during periods when no important rainfall occurs. These economies would, we understand, effect a further saving of roughly Rs. 12,000 per annum and in addition we think that reductions should be possible in the staff of temporary clerks and menials and also in the expenditure on supplies, services and contingencies. We recommend therefore that the gross estimate for 1923-24 should be reduced to Rs. 6,30,000, a saving of Rs. 84,000.

GEOLOGICAL SURVEY.

	Rs.
1913-14, Actual Expenditure . . .	3,06,000
1921-22, Revised Estimate	4,37,000
1922-23, Budget Estimate	6,46,000

14. Of the total increase of Rs. 3,40,000 in the expenditure for 1922-23 compared with 1913-14 Rs. 1,46,700 is due to revision of pay, Rs. 1,44,300 to increased establishment and the remaining Rs. 49,000 to other causes.

The sanctioned establishment for 1922-23 compared with 1913-14 is as follows :—

	1913-14.	1922-23.
Officers	24	37
Subordinate Draftsman, Clerks and Servants . .	77	77
Total .	101	114

The number of Officers actually employed at the present time is only 31 as considerable difficulty has been experienced in obtaining suitable candidates for existing vacancies and no Indian recruits have been forthcoming.

The primary function of the Geological Survey is to investigate and estimate the mineral resources of India which can only be done by a systematic survey of the whole country. During recent years considerable developments have taken place to meet war requirements, wolfram was discovered in large quantities in Burma, chromite in Baluchistan and in Singhbhum and manganese ore in the Central Provinces. The Department also played an important part in increasing the development of the Burma oil fields, the copper smelting industry in Singhbhum, the Bokaro coal fields, etc.

We consider that in view of the importance of geological survey to the development of the mineral resources of the country and the large revenue from royalties which accrues to the country generally, it would be false economy materially to curtail the activities of the Department. We think, however, that the filling of existing vacancies might be postponed until Indian recruits are available, which we understand will effect a saving of Rs. 67,000 in 1923-24; also we are of opinion that, as Provincial Governments are responsible for the development of their mineral resources, the Department should work in close co-operation with them on the lines of the arrangements made with Burma and contemplated with Madras,

Botanical Survey.

	Rs.
1913-14, Actual Expenditure	45,000
1921-22, Revised Estimate	28,89,000
1922-23, Budget Estimate	27,15,000

15. The large increase in expenditure compared with 1913-14 is almost entirely due to the purchase and preparation of reserve stocks of quinine, and the development of the recently established cinchona plantation in Burma. The Department has suggested reductions in expenditure for 1923-24 to the extent of Rs. 15,000 in administrative charges and miscellaneous expenses and of Rs. 4,08,000 in the purchase of quinine.

Quinine is purchased by the Secretary of State under contracts with the Java Combine and Messrs. Howards and Sons, London. The Java Combine contract, which expires next year, provides for the supply of 20,000 kilos (44,000 lbs.) of quinine per annum, the price payable c.i.f. Calcutta at the current rate of rupee exchange, being the official London quotation of the Kina Bureau Amsterdam less 10 per cent. The contract with Messrs. Howards and Sons, provides that the Secretary of State shall purchase, if available, bark sufficient to yield 20,000 kilos (44,000 lbs.) of quinine per annum until July 1928 and be entitled to purchase additional supplies if available to the extent of 17,500 kilos (38,500 lbs.).

16. We are informed that in 1912 the Government of India considered it desirable to form a reserve of quinine representing at least five times the annual demand upon Government and that the matter has not been reconsidered since that date. The reserve stock to be maintained has been fixed at 400,000 lbs. on an assumed demand on Government sources of 80,000 lbs. per annum which was based upon the anticipation of a large increase in consumption. The actual demand has been small during recent years owing, it is stated, to the absence of adequate propaganda, prejudice against the use of quinine, lack of facilities for purchase by the public and high prices.

The estimated average annual consumption of quinine in India is 150,000 to 160,000 lbs. per annum of which roughly one-half is said to be supplied from Government sources and the other half by private importation. Quinine is produced in Madras and Bengal under the auspices of the Local Governments. In Madras the production amounts to about 30,000 lbs. per annum but the plantations are rapidly becoming exhausted and supplies from this source will probably cease in about five years' time. The Bengal plantations are stated to be capable of producing about 35,000 lbs. per annum and this amount will probably be gradually increased to 50,000 lbs. during the same period. The total amount of quinine purchased or produced during the past three years, the quantities issued during each year and the stocks on hand at the end of the year together with estimates for the current year were as follows :—

Year	Imperial stocks.			Madras.			Bengal.		
	Purchased.	Issued.	Stock on hand.	Purchased or produced.	Issued.	Stock on hand.	Produced.	Issued.	Stock on hand.
	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.
1919-20 . .	127,689	13,951	113,689	16,054	20,108	19,837	18,138	62,434	50,356
1920-21 . .	655	15,800	98,544	24,576	28,711	15,702	23,984	34,509	39,831
1921-22 . .	74,456	*nil*	173,300	31,400	23,878	23,524	22,713	34,006	28,538
1922-23 . .	68,000	11,000	230,000	30,000	30,000	23,234	13,500	24,003	18,005

The total issues to the public from Government sources during the year 1921-22 and estimated for 1922-23 amounted to 57,884 lbs. and 65,033 lbs. respectively. The total Government stocks on hand on the 31st March 1921 amounted to 154,077 lbs. which, it is estimated, will be increased to 271,000 lbs. by the 31st March 1923, representing about four years' supply on the basis of the average issues during the past 3 years. We are informed

that, if a big epidemic of malaria were to break out, say, in the Punjab, the consumption from Government supplies might easily be increased by 150,000 lbs. but even in this eventuality the present stocks appear ample to meet all requirements. We understand that, under the contract with Messrs. Howards, 46,000 lbs. of quinine in bark are likely to be supplied in 1923-24 at a cost of Rs. 6,90,000 and that under the Java contract 39,600 lbs. will be supplied at a cost of Rs. 8,85,000. We are of the opinion that the amount to be purchased under the contract with Messrs. Howards and Sons can safely be limited to the minimum of 44,000 lbs. for 1923-24 which will effect a further reduction of Rs. 30,000. The total provision for 1923-24 will thus be Rs. 15,45,000, a reduction of Rs. 8 lakhs on the provision for the purchase of quinine in the current year's estimate.

17. With a view to ensuring sufficient supplies of quinine to meet the growing requirements of India, a new plantation has been started in Mergui. The original intention of Government when they decided to start a plantation in Burma, was to supply not merely India but the whole Empire with quinine. This proposal has now been modified and the present programme provides for planting 500 acres annually which will, on a conservative estimate, produce 90,000 lbs. of quinine per annum commencing with the year 1928. In view of the present financial conditions we consider that the acreage to be planted during the next four years should be restricted to 250 acres per annum, saving Rs. 50,000.

18. The savings indicated amount to Rs. 8,65,000 and, allowing for some reduction in freight charges, we are of the opinion that the budget estimate for 1923-24 should be limited to Rs. 18,35,000, a total reduction of Rs. 8,80,000 on the estimates for 1922-23.

Zoological Survey.

	Rs.
1913-14, Actual Expenditure	1,28,711*
1921-22, Revised Estimate	1,56,000
1922-23, Budget Estimate	1,77,000

* Zoological section of the Calcutta Museum.

19. The estimate for 1922-23 includes a non-recurring grant of Rs. 22,500 to the Bombay National History Society for the completion of the Mammal Survey of India.

The Zoological Survey was instituted in July 1916, its main functions being to act as guardian of the zoological collection of the Indian Empire, to assist in the identification of zoological specimens and to obtain the fullest possible information about the systematic and geographical zoology of the Indian Empire.

The total staff employed on the 1st April 1922 was 66 compared with 58 on the 1st April 1921, the increase being due to the employment of one additional technical subordinate and 7 additional menials.

We are of the opinion that in the present financial circumstances the establishment should be reduced to the 1921-22 level, that the expenditure on supplies and services and contingencies for which Rs. 46,700 was provided for 1922-23, should be curtailed and that the provision for 1923-24 should be limited to Rs. 1,30,000.

Archæological Survey.

20. The estimate for 1922-23, including a supplementary grant of Rs. 29,000, compares with the revised estimate for 1921-22 and the actual expenditure for 1913-14 as follows :—

	Rs.
1913-14, Actual Expenditure . . .	3,57,850
1921-22, Revised Estimate	15,10,000
1922-23, Budget Estimate	16,29,000

The large increase in expenditure since 1913-14 is partly due to the reforms under which all expenditure on Archæology has become a charge on central revenues, whereas formerly the greater part of the cost of conservation

of ancient monuments was paid for from provincial revenues. The total expenditure in 1913-14 including the amount expended from provincial revenues was Rs. 7,69,578.

We are informed that the provision for 1922-23 has been allocated approximately as follows :—

	Rs.	Rs.
Repair and maintenance of monuments—		
Ordinary repairs and maintenance . .	1,75,000	
Special repairs	3,75,000	
		5,50,000
Upkeep of gardens		1,75,000
Provincial public works overhead charges for conservation work		1,64,000
General Administration		5,00,000
Publications, special charges and contingencies . . .		2,40,000
TOTAL .		16,29,000

The total number of monuments declared " protected " under the Ancient Monuments Preservation Act and accepted as a central charge by the Government of India is 2,521, in addition to which the Department are conserving about 80 monuments in such Indian States as have not sufficient resources to do the work themselves. Sufficient funds have not been forthcoming for the proper maintenance of all the protected monuments and the number actually under annual repair is 811, on 131 of which special conservation work is in progress or new works of special repair have been undertaken.

We appreciate that each of the protected monuments may have a considerable historical or archæological value, but the cost of maintenance must necessarily increase with the age of the monuments and the liability on the central revenues will ultimately become very great if the whole of the 2,511 monuments are to be properly maintained. We consider therefore that the list of protected monuments should be drastically curtailed and that not more than 500 monuments should be maintained from central revenues, leaving to public liberality the maintenance of other monuments to which public interest may attach.

We recommend that during the present period of financial stringency the provision for the repair and maintenance of monuments should be limited to Rs. 3,00,000, exclusive of overhead charges, saving Rs. 2,50,000.

21. With regard to the provision of Rs. 1,75,000 for upkeep of gardens, we believe that some economies could be made, without materially affecting the appearance of these gardens and we recommend that, until financial conditions improve, the provisions for the upkeep of gardens be limited to Rs. 1,25,000, saving Rs. 50,000, which recommendation the Department is prepared to accept.

22. The Provincial Public Works charges amounting to Rs. 1,64,000 represent a percentage addition averaging 22½ per cent. for overhead charges for conservation work carried out under the supervision of the Local Governments. The proposed reduction in conservation work will therefore automatically effect a corresponding saving in overhead charges of about Rs. 85,000 and we think that some further reduction should be possible in the percentage charged by Local Governments.

23. We consider that the cost of administration, Rs. 5,00,000, should be considerably reduced. The total staff employed in the Archæology at the present time compared with 1913-14, including the staff taken over from Madras and Burma, is as follows :—

	1913-14.	1922-23.
Officers	15	18
Technical Assistants	35	42
Office Assistants	20	45
Menials	41	76
Temporary staff	15	33
TOTAL .	126	214

We are of the opinion that the reductions we have proposed should enable some economy to be effected in the headquarters staff and that the total provision should be limited to Rs. 3,50,000 which is slightly in excess of the expenditure in 1921-22. This will effect a saving of Rs. 1,50,000.

24. The expenditure for 1922-23 also included a number of special items as follows :—

	Rs.
Furnishing the Central Asian Museum at Delhi . . .	26,850
Expenditure in Central Asia	24,000
Publication and exhibition of Sir Aurel Stein's Central Asian Funds.	38,130
TOTAL .	88,980

These items are non-recurring and a corresponding saving will therefore accrue in future years, making, with the reductions previously suggested, a total saving of Rs. 6,25,000. We recommend that the total provision for Archæology should be limited to Rs. 10,00,000.

MINES.

	Rs.
1913-14, Actual Expenditure	98,000
1921-22, Revised Estimate	1,69,000
1922-23, Budget Estimate	2,27,000

25. The total increase in expenditure since 1913-14 is Rs. 1,29,000 of which Rs. 51,000 is due to revision of pay, Rs. 67,000 to increased establishment and Rs. 11,000 to other causes. The total staff employed has increased from 58 to 70.

The main functions of the department are statutory under the Indian Mines Act, 1901—and the principal duties may be summarised as follows :—

(1) To inspect all mines and see that the provisions of the Act and the rules made thereunder are observed.

(2) To examine and enquire into all matters connected with the safety of persons employed in mines.

Since 1913-14 the Indian Mines Act has been extended to the Northern and Southern Shan States, and the number of mines falling under the scope of the Act has increased from 1,426 in 1913 to 1,741 in 1921. The following statistics in regard to the coal mines illustrate the development which has taken place since 1913-14 :—

Year.	No. of Mines.	Coal production.	No. of persons employed.	No. of deaths per	
				Million tons raised.	1,000 persons employed.
		Tons.			
1913 . . .	602	15,486,318	133,042	11·95	1·39
1919 . . .	741	21,759,727	190,052	11·95	1·37
1921 . . .	884	18,358,000	190,647	13·99	1·35

The total number of inspections carried out by the Department in connection with all mines has increased from 631 in 1913 to 1,233 in 1921 and the increased use of electricity in coal mines has necessitated the employment of an Electrical Inspector costing Rs. 26,000 per annum.

The Mines Surveying staff is mainly employed on surveying mines in connection with the safety of Railways, the number of workings under Railways which were surveyed in 1921 being 38. We are of the opinion that the question of recovering the cost of such surveys from the Railways or Mine owners as the case may be should be considered in connection with any amendment to the Land Acquisition (Mines) Act, 1885.

We also think that some economy could be effected by a curtailment of the free issue of the departmental publications and that additional revenue

might be derived therefrom. In view of the necessity of safeguarding adequately the workers in mines, we do not recommend any reduction in the expenditure for 1923-24 compared with 1922-23.

OTHER SCIENTIFIC DEPARTMENTS.

	Rs.
1913-14, Actual Expenditure	43,767
1921-22, Revised Estimate	3,55,000
1922-23, Budget Estimate	4,05,000

26. The large increase in expenditure since 1913-14 is mainly due to increased contributions to Scientific Societies and Institutes and to some reclassification of expenditure under the Reforms scheme.

The expenditure is sub-divided under main heads as follows:—

——	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
Calcutta Museum . . .	35,027	59,900	73,700
Donations to Scientific Societies and Institutes.	5,833	2,35,000	2,57,000
Board of Scientific Advice . .	2,907	2,600	2,600
Hydro-Electric Surveys . .	...	...	25,700
Expenditure in Minor Administrations.	...	34,000	46,000
TOTAL	43,767	3,21,000	3,59,000

27. *Calcutta Museum.*—The large increase in the expenditure on the Calcutta Museum is due mainly to the increase in cost of the Archæological Section from Rs. 7,489 in 1913-14 to Rs. 32,400 required for the current year. The staff employed in this section has increased as follows:—

	1913-14.	1922-23.
Administrative and clerical	1	2
Technical	2	6
Servants	4	12

The cost of salaries and wages has increased from Rs. 2,634 in 1913-14 to Rs. 20,020 and we think that a considerable reduction in the number employed should be effected and the cost reduced to about Rs. 10,000. The expenditure on allowances Rs. 6,110 includes Rs. 2,800 for travelling expenses to enable the Superintendent to tour and collect antiquities. We consider that no provision should be allowed for touring in 1923-24 and that the expenditure on allowances should be limited to Rs. 3,000. A reduction of Rs 1,500 should also be possible in the provision for contingencies and we recommend that the total provision for the Archæological section should be limited to Rs. 17,800, a reduction of Rs. 14,600.

28. *Donations to Scientific Societies and Institutes.*—The main items included under this heading are grants of Rs. 1,50,000 to the Indian Institute of Science and of Rs. 1,00,000 to the Bose Research Institute.

The Indian Institute of Science provides for advance studies and research in organic and applied chemistry and electric technology. Under the Charitable Orders Act, 1890, the Government undertook in 1909 to make a grant equal to one-half the income of the Institute from local sources, including endowments and contributions, subject to a maximum grant of Rs. 1,50,000. In recent years the local assets have risen considerably above Rs. 3,00,000 per annum and the Government of India are therefore liable for the full Rs. 1,50,000 per annum.

The Bose Institute carries out researches connected with plant physiology, animal physiology and other cognate subjects. In this case also the Government grant is based upon the private income of the Institute and is only liable to be discontinued in the event of two unfavourable reports being received in succession.

A grant of Rs. 1,900 is given to the night and elementary School at Bangalore which we consider should be included in the Bangalore Budget as a charge against the revenues of the Assigned Tracts.

29. *Board of Scientific Advice and Hydro-Electric Surveys.*—We are informed that the Board of Scientific Advice will shortly be abolished and that no provision is proposed for this Board or for Hydro-Electric Surveys in 1923-24, thus saving Rs. 28,300.

30. *Expenditure in Minor Administrations.*—The provision for 1922-23 includes Rs. 10,000 for Hydro-Surveys in Delhi which will not be required in 1923-24. Other minor economies should also be possible in Delhi and the North-West Frontier Province, and we consider that the provision for expenditure in the Minor Administrations should be limited to Rs. 30,000 for 1923-24.

EXPENDITURE IN ENGLAND.

	£
1913-14, Actual Expenditure	39,100
1921-22, Revised Estimate	117,500
1922-23, Budget Estimate	82,500

31. This expenditure for 1922-23 is subdivided as follows:—

	£
Expenditure under the control of the Secretary of State—	
Sundry Items	5,900
Expenditure under the control of the High Commissioner for India—	
Leave and deputation allowances	27,400
Contribution to the Mineral Resources Bureau	2,200
Stores for India	47,000
TOTAL	82,500

The amount included in the Secretary of State's Budget under this heading is only £3,200, including £2,500 for the Fauna Indica, presumably a non-recurring grant, £200 for the Linguistic Survey and £500 for contingencies. We consider the expenditure for 1923-24 should be limited to the £200 required for Linguistic Survey.

The provision of £27,400 for leave and deputation allowances includes a grant of £1,400 to the Imperial Institute which we suggest should be discontinued.

The contribution of £2,200 to the Mineral Resources Bureau expires on January 1st, 1923. The objects of this Bureau are the collection and dissemination of information and advice on the mineral resources of the Empire. It is an Imperial Bureau supported by the Dominions, Colonies and the Home Government, but in view of the present financial situation we think that future contributions should be limited to £1,000.

Of the £47,000 included for stores £12,000 was brought forward from 1921-22. At our request the provision has been analysed as follows:—

	£
Director General of Observatories	6,100
Mathematical Instrument Office	13,025*
Photo-Litho Office	21,546†
Trigonometrical Survey Office and Parties	5,085
Drawing Office	1,320
Engraving Office	265
Geological Survey of India	566
Botanical Survey	14
For rounding	79
TOTAL	47,000

*Includes £2,000 brought forward from 1921-22.

†Includes £10,000 brought forward from 1921-22.

We have already referred to the large stock of stores held by the Survey Department and, bearing in mind the curtailment in the activities of the various Departments which we have recommended and the fall in prices

which has taken place, we are of the opinion that the total expenditure on stores for 1923-24 should not exceed £20,000.

32. We recommend that the total provision for expenditure in England in 1923-24 should be reduced from £82,500, to £47,500, saving £35,000 or Rs. 5,25,000.

CONCLUSIONS.

Having reviewed the expenditure for Scientific Departments we recommend that:—

(1) the cadre of military officers in the Survey of India be progressively reduced and vacancies filled by less expensive civil agency;

(2) survey work required for local Governments and local bodies be undertaken on special terms to be arranged, or the number of survey parties be reduced, securing, with other economies suggested, a reduction of Rs. 7,09,000 in the net expenditure of the Survey of India;

(3) existing vacancies in the Geological Survey remain unfilled until Indian recruits are available and arrangements be made with other local Governments on the lines adopted for Burma;

(4) the purchase of quinine be restricted to Rs. 15,45,000 and the area to be planted annually in Mergui be reduced to 250 acres;

(5) the list of protected monuments and the provision for repair and maintenance of monuments and gardens be reduced and the provision for Archæology restricted to Rs. 10,00,000; and

(6) the total provision for 1923-24 under the head "Scientific Departments" be limited to Rs. 82,58,000, a saving of Rs. 30,02,000.

SUPPLEMENTARY NOTES BY THE HON'BLE MR. PURSHOTAMDAS THAKURDAS ON METEOROLOGICAL DEPARTMENT.

Till now Simla has been the headquarters of the Meteorological Department. Not only is a large part of the information supplied by this Department collected, tabulated and distributed from there, but it is the headquarters where all the administrative work is undertaken, except that of the issue of forms and instruments, which are sent out from Calcutta. The Director General of Observatories did not give any scientific reasons necessitating that the headquarters of his establishment should be at such a naturally expensive and remote place as Simla. I understand that the Government building which his establishment occupies at Simla is only temporary and will require to be rebuilt before long. I recommend that, at the latest, when the time for rebuilding comes, the necessity and advisability of locating the Director General at Agra, which is already the headquarters of the net work of upper air stations, should be seriously considered. I expect that a reduction by one Director of the Department is possible with the transfer of the headquarters of the Department. Further savings will accrue in:—

(*a*) The Simla allowance of the clerical staff,

(*b*) Lower travelling charges and allowances, and

(*c*) Cheaper building cost for the new buildings.

In view of the grave financial stringency, these savings are not to be despised, even though, as urged by the Director General, the transfer from Simla to Agra may entail some diminution in the intellectual output of the superior staff during the hot weather—a general handicap common to the majority of officers working in the plains.

DELHI;
The 6th February 1923.

PURSHOTAMDAS THAKURDAS.

EDUCATION.

The estimates for 1922-23 compare with the revised estimate for 1921-22 and the actual expenditure for 1913-14 as follows :—

	Rs.
1913-14, Actual Expenditure . . .	17,89,000
1921-22, Revised Estimate	31,09,000
1922-23, Budget Estimate	32,96,000

2. Education is a provincial transferred subject and the figures shown above relate only to expenditure on education in the minor administrations and to certain grants-in-aid made by the Central Government. The expenditure is subdivided under the main heads shown below :—

—	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
Grants-in-aid by Central Government	3,36,000	2,70,000	3,01,000
Minor Administration . .	12,97,000	27,03,000	28,57,000
	16,33,000	29,73,000	31,58,000
Expenditure in England (Rs. 15 = £1)	1,56,000	1,36,000	1,38,000
Total .	17,89,000	31,09,000	32,96,000

3. Grants-in-aid.

	Rs.
1913-14, Actual Expenditure . . .	3,36,000
1921-22, Revised Estimate	2,70,000
1922-23, Budget Estimate	3,01,000

The grants-in-aid to Universities and Chiefs' Colleges are distributed as follows :—

	Rs.
Calcutta University	13,000
Benares Hindu University	1,00,000
Aligarh Muslim University	1,00,000
Chiefs' Colleges	53,000
Construction of High School at Pusa	30,000
Contingencies and rounding	5,000
Total .	3,01,000

The grant to the Calcutta University is for the maintenance of the Chair of Economics created by the Government of India in commemoration of the Jubilee of the University in 1908 and, in the circumstances, we make no recommendation.

The Benares and Aligarh Universities are central subjects under the Devolution Rules. We are informed that the Government of India are definitely committed to the grants now made to these institutions.

The grants to Chiefs' Colleges consist of Rs. 25,000 to the Rajkumar College, Rajkot, and Rs. 28,000 to the Aitchison College, Lahore. Similar grants to the Daly College, Indore, and the Mayo College, Ajmer, are dealt with in our observations on the expenditure on education in Central India and

Rajputana respectively. We understand that the subvention to these colleges was based on the increased cost of the staff due to the reorganization of 1903, the arrangement being that any subsequent increase in expenditure should be met from fees and contributions from sources other than public funds. As regards the Rajkot College we observe that the receipts in 1922-23, including the grant, are estimated to exceed the expenditure by Rs. 12,000 and we are informed that the college authorities hope to make the institution self-supporting in 1923-24. No provision should therefore be necessary.

The finances of the Aitchison College are in a less satisfactory condition. We are informed that only 16 per cent. of the students are from Indian States, the remainder coming from the Punjab and, in these circumstances, the question of discontinuing the grant is now being considered. Expenditure has been restricted, fees have been raised and an endeavour is being made to obtain increased contributions from the Ruling Princes and Chiefs in the Punjab. We consider that, if any grant is made, it should be limited to Rs. 15,000.

The High School at Pusa is primarily for the needs of the employees at the Pusa Agricultural Research Institute and we are informed that the proposed grant of Rs. 30,000 has been postponed until the future of the Institute is decided.

Minor Administrations.

4. The estimates for expenditure on Education in the Minor Administrations may be analysed under main heads as follows. Details for each administration are given in Appendix A :—

Head.	1913-14, Actual Expenditure.	1921-22, Revised Estimate.	1922-23, Budget Estimate.
	Rs.	Rs.	Rs.
Universities . . .	1,96,400	4,42,000	4,97,200
Secondary Education . . .	4,94,800	9,15,800	10,38,100
Primary Education . . .	4,62,800	9,01,500	10,46,800
Special Schools . . .	29,800	1,12,400	1,29,000
General	1,12,800	3,30,900	4,00,500
Total .	12,96,600	27,02,600	31,11,600

The figures for 1922-23 shown in the above table do not take into account reductions effected to meet the lump cut made by the Legislative Assembly on the total estimate for each minor administration.

Of the additional expenditure of Rs. 18,20,000 in the budget estimate for 1922-23 compared with 1913-14 only Rs. 5,84,000 was devoted to primary education with the result that the percentage of the total Government expenditure allocated to primary education fell from 35·7 per cent. in 1913-14 to 33·6 per cent. for 1922-23. This percentage is very low and in this connection it may be of interest to mention that in England 70 per cent. of the expenditure of the Government on education is spent on elementary education. It is evident that more attention has been given in the areas directly under the Government of India to the development of higher education than to the extension of primary educational facilities to the large mass of the population which is at present illiterate.

5. The average cost to Government funds per child educated in Secondary and Primary Schools in 1920-21 (the latest information available) is given in Appendix B. It will be observed that there are large variations in the cost per child in the different administrations for which particulars are available, but it will be more convenient to deal with the question when considering the

expenditure in the individual administrations. This is distributed as follows, taking into account the lump cuts made by the Assembly :—

—	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
North-West Frontier Province	4,88,000	11,85,000	11,05,000
Baluchistan	1,07,000	1,98,000	2,72,000
Delhi	98,000	4,51,170	5,52,950
Coorg	66,000	1,24,180	1,51,000
Ajmer	1,02,000	2,38,000	2,30,120
Rajputana	82,000	1,11,690	1,09,770
Central India	72,000	85,000	82,940
Hyderabad . . .	58,000	28,320	23,330
Bangalore	2,24,000	2,81,640	3,29,890
	12,97,000	27,03,000	28,57,000

We now deal seriatim with the expenditure in each Minor Administration.

North-West Frontier Province.

	Rs.
1913-14, Actual Expenditure . . .	4,88,000
1921-22, Revised Estimate	11,85,000
1922-23, Budget Estimate	11,05,000

6. The estimate for 1922-23 takes into account a reduction of Rs. 2 lakhs as part of the lump cut made by the Assembly on the estimates for this province. The actual reduction effected by the local authorities amounts to Rs. 1,23,277, the revised estimate for the current year being Rs. 11,82,000. Of this reduction Rs. 94,000 was secured from the grants-in-aid to primary and secondary schools.

7. *Universities.*—The total expenditure of Rs. 1,32,000 is made up of Rs. 65,000 for the Training College, Peshawar, and Rs. 67,000 for grants to private colleges. The main function of the Training College, Peshawar, is to train vernacular teachers for primary and middle schools in the Province. The local Retrenchment Committee have reported unfavourably on the institution and we have ascertained that there are 5 teachers employed costing Rs. 41,000 for an average daily attendance of only 33 students. We consider the number of teachers excessive and that the grant should be reduced from Rs. 65,000 to Rs. 40,000 for 1923-24.

The private colleges to which grants are made are the Islamia College, Rs. 50,000, Edward's College, Peshawar, Rs. 12,000 and the second grade college at Dera Ismail Khan Rs. 5,000. We are informed that the finances of the Islamia College are in a precarious condition and that it is possible that the college will close down owing to the recent refusal of the Government to increase its grant. We consider that the contribution now made should not be increased and that any additional funds required should be obtained by raising the fees to students and by increased private contributions from those interested. We also think that the contribution of Rs. 5,000 made to the second grade college at Dera Ismail Khan should be withdrawn. There are 5 teachers, costing Rs. 9,432, employed at this college for an average daily attendance of only 17 students.

8. *Secondary Education.*—The cost of secondary education has increased from Rs. 70,000 in 1913-14 to Rs. 3,18,000 required for 1922-23. The average cost to Government per student in the Government schools in 1920-21 (the latest information available) was Rs. 76 compared with Rs. 46 in the Punjab and for India generally (see Appendix B). From particulars which

have been supplied to us it appears that the number of teachers employed in Government Schools is considerably in excess of the pre-war standard as shown below :—

Year.	Number of Government schools.	Number of teachers.	Average daily attendance of students.	Number of students per teacher.
1913-14	6	73	1,538	21·1
1921-22	7	98	1,243	12·7

The cost of teachers' salaries in these schools increased from Rs. 56,805 in 1913-14 to Rs. 1,34,102 in 1921-22, whereas, had the ratio of teachers to students remained constant, 40 less teachers would have been employed, saving about Rs. 50,000 We consider that the pre-war standard of staffing was ample and that the grant for 1923-24 should be reduced by Rs. 50,000.

The number of aided High Schools has increased from 8 in 1913-14 to 13 in 1921-22 and the ratio of students to teachers has declined as shown below :—

Year.	Number of schools.	Number of teachers.	Average daily attendance of students.	Average number of students per teacher.
1913-14	8	150	3,116	20·7
1921-22	13	248	4,362	17·6

We consider that in this case also the pre-war standard of staffing should suffice, saving 38 teachers. Similarly in the Middle Board Schools the number of students per teacher has fallen from 24·0 in 1913-14 to 19·8 in 1921-22 involving the employment of 73 more teachers than would be necessary under the pre-war standard of staffing.

It is evident from the above figures that the standard of staffing is on an extravagant scale and we think that the provision for secondary education in this administration should be rigorously curtailed and limited to Rs. 1,50,000 for 1923-24, saving Rs. 1,68,000.

9. *Primary Education.*—The cost of primary education has increased from Rs 2,86,700 in 1913-14 to Rs. 6,66,000 required for 1922-23. The average cost to Government funds of each child educated in 1920-21 was Rs. 20-11-0 compared with Rs. 13-10-0 the average for India.

The number of Board Schools has increased from 421 in 1913-14 to 616 in 1921-22 and, as in the case of the secondary schools, the average number of students per teacher has declined although not to the same extent. The corresponding figures for the primary Board Schools are as follows :—

Year.	Number of schools.	Number of teachers.	Average daily attendance of children.	Number of children per teacher.
1913-14	421	637	15,189	23·7
1921-22	616	916	20,616	22·5

The adoption of the pre-war standard of staffing in this case would mean a saving of 51 teachers. We consider, however, that the average of 23·7 pupils per teacher is low for primary education and we think that endeavour should be made to increase the average to about 30 and in this connection we observe that the average number of pupils per teacher in the aided schools is 31·6.

We are informed that the provision of Rs. 6,60,000 for primary education in 1922-23 included Rs. 54,470 for increasing the pay of teachers, but that the Government have decided not to contribute towards the increased pay of

teachers in local Board Schools, saving Rs. 53,000. It is also proposed to reduce grants to Board Schools by Rs. 70,716 in the current year, making a total reduction of Rs. 1,23,716.

The figures which we have quoted indicate that a much larger number of children could receive the benefit of primary education without any increase in the number of teachers employed, but in view of the importance of extending primary education we make no recommendation.

10. *Special Schools.*—These schools costing Rs. 34,000 are for training teachers and we are informed that a saving of Rs. 19,000 is proposed for 1923-24.

11. *General Charges.*—The provision of Rs. 1,55,000 under general charges includes Rs. 27,000 for scholarships, but is mainly for inspection and administrative staff. The Department has proposed a reduction of Rs. 10,000 for 1923-24, but we consider that the expenditure under this head should be limited to Rs. 1,30,000.

Baluchistan.

	Rs.
1913-14, Actual Expenditure	1,07,000*
1921-22, Revised Estimate	1,98,000
1922-23, Budget Estimate	2,72,000

* Includes grants-in-aid distributed over other heads in later years.

12. Although Baluchistan must be regarded as a backward province in regard to education, the grants made from central revenues in 1922-23 for secondary education amount to Rs. 1,00,600 whereas only Rs. 91,000 are provided for primary education. The assistance now given to primary education is, however, relatively much greater than in 1913-14 (see Appendix A). We have been supplied with the following particulars shewing the number of teachers and pupils at the various classes of schools :—

Class of School.	Year.	Number of teachers.	Number of pupils attending daily.	Number of pupils per teacher.
Primary Schools	1913-14	53	877	16·5
	1921-22	73	1,228	15·9
Secondary—				
Anglo-Vernacular School . . .	1913-14	17	281	16·5
	1921-22	25	319	12·7
High Schools	1913-14	24	429	17·9
	1921-22	34	684	20·01

We consider the average number of pupils per teacher in Primary and Anglo-Vernacular Schools is too low and that the number of teachers should be reduced to an average of not more than one teacher for 20 pupils. With regard to primary schools we think that provision should be made for the extension of primary educational facilities and we therefore recommend no reduction.

We understand that it is proposed to increase the fees for secondary education by 50 per cent. which will yield Rs. 12,500 and we recommend that the grant for secondary education be reduced by Rs. 15,000.

13. *General Charges.*—The provision under this head includes Rs. 42,750 for scholarships compared with Rs. 24,000 is 1921-22 and Rs. 3,900 in 1913-14. We recognise the desirability of making some provision to assist pupils of exceptional ability, but we think that in present circumstances the provision should not exceed the revised estimate of 1921-22, *i.e.*, Rs. 24,000.

Delhi.

	Rs.
1913-14, Actual Expenditure . . .	1,43,000
1921-22, Revised Estimate	4,51,170
1922-23, Budget Estimate	5,52,950

14. In order to meet the reduction of Rs. 1,00,000 made by the Assembly in the Delhi estimates Rs. 55,000 was surrendered from the education grant for 1922-23. Even allowing for this reduction however the expenditure has increased by no less than 248 per cent. since 1913-14.

15. *Universities and Arts Colleges.*—The grant to Universities and Arts Colleges has increased from Rs. 14,200 in 1913-14 to Rs. 1,76,000 estimated for 1922-23. The latter figure was subsequently reduced to Rs. 1,41,500 made up as follows :—

	Rs.
Non-Government Arts Colleges	91,500
Delhi University	50,000

The grant to the Arts Colleges increased from Rs. 14,250 in 1913-14 to Rs. 67,725 in 1920-21 and in the latter year the cost to Government of each student was Rs. 117 compared with Rs. 60 per student in the Punjab and Rs. 48 in India generally. The grant was increased to Rs 94,570 for 1921-22 and the cost per student rose to Rs. 162. These cost figures are based upon the number of students on the rolls which is considerably in excess of the average number attending daily. For example, the number of students on the rolls was 581, but the average daily attendance was only 466 and the cost to Government per student attending daily was therefore Rs. 203. We consider that there is no justification for the large grants given to Delhi colleges and recommend that the grants for 1923-24 be limited to Rs. 60,000. The grant of Rs. 50,000 for Delhi University is intended to provide a nucleus for a new University which, it is estimated, will ultimately involve an initial expenditure of Rs. 34,00,000 and an annual recurring expenditure of Rs. 2 to 4 lakhs. We understand that there is no lack of facilities for University education in Northern India and consider that the present financial conditions do not justify the formation of a new University. We recommend that the scheme be reconsidered.

16. *Secondary and primary education.*—The provision for secondary education has increased from Rs. 53,800 in 1913-14 to Rs. 2,00,500 for 1922-23, and for primary education from Rs. 24,000 to Rs. 91,800.

We have been supplied with the following particulars showing the number of teachers and pupils in the various schools in 1921-22 compared with 1913-14 :—

Class of School.	Year.	Number of teachers.	Number of pupils attending daily.	Number of pupils per teacher.
Secondary schools	1913-14 .	166	2,211	13·3
	1921-22 .	450	5,905	13·1
Primary schools	1913-14 .	242	Not available	...
	1921-22 .	260	6,097	23·4

We are of the opinion that the employment of 450 teachers costing Rs. 2,14,000 in secondary schools in 1921-22 is excessive for the number of students attending. We are informed that grants are made in accordance with the Punjab Educational Code, but we consider the system is not conducive to economy and should be revised ; we deal with this question later. We recommend that the grant for secondary education in 1923-24 should be limited to Rs. 1,50,000, a reduction of Rs. 50,500, but that no reduction should be made in the provision for primary education.

Coorg.

	Rs.
1913-14, Actual Expenditure	66,000
1921-22, Revised Estimate	1,24,180
1922-23, Budget Estimate	1,51,000

17. Of the total expenditure of Rs. 1,51,000 provided for 1922-23 only Rs. 44,280 are included for primary education whereas Rs. 60,660 are allocated to secondary schools.

The cost per pupil to Government funds in 1920-21 is shown in Appendix B from which it will be observed that the expenditure in Coorg compares favourably with that in the neighbouring Province of Madras except in the case of aided secondary schools.

The following table shows the number of teachers and pupils in secondary and primary schools in 1921-22 compared with 1913-14 :—

—	Year.	Number of teachers.	Number of pupils attending daily.	Average number of pupils per teacher.
Secondary	1913-14	27	461	17·1
	1921-22	47	681	14·5
Primary	1913-14	248	5,739	23·1
	1921-22	282	5,457	19·0

It will be seen that the average number of pupils per teacher is considerably less than in 1913-14. We are informed that it is proposed to raise the fees at secondary schools which will yield an additional revenue of about Rs. 1,000 for 1923-24 and that other economies are proposed, saving Rs. 12,000. We consider, however, that larger economies should be effected and recommend that the total provision for education in Coorg in 1923-24 should be reduced to Rs. 1,10,000, saving Rs. 41,000.

Ajmer.

	Rs.
1913-14, Actual Expenditure . . .	1,02,000
1921-22, Revised Estimate	2,38,000
1922-23, Budget Estimate	2,30,120

18. The Budget estimate for 1922-23 was originally Rs. 2,80,120, but this was reduced by Rs. 50,000 as part of the cut made by the Legislative Assembly in the estimates of the province. We are informed, however, that the actual reduction made was only Rs. 9,634, the Revised estimate for 1922-23 being Rs. 2,70,486.

The original estimate of Rs. 2,80,120 for 1922-23 provided only Rs. 44,200 for primary education. We consider that relatively too much attention is being given to the development of higher educational facilities and that it would be desirable to devote a much larger proportion of such funds as may be available from central revenues to the extension of primary education.

19. *University.*—The grant to the Government College, Ajmer, has been increased from Rs. 28,614 in 1913-14 to Rs. 64,700 in 1922-23. The average daily attendance of students increased from 80 in 1913-14 to 89 in 1921-22, and the cost to Government of each student educated is now over Rs. 700 per annum.

In 1921-22 the teaching staff comprised a principal and 8 professors as against a principal and 6 professors in 1913-14, although the average daily attendance of students had only risen by 9. We consider that there is no justification for the increased staff and that in present financial circumstances the staff should be reduced to at least the pre-war level. We are informed that the question of raising the fees charged for tuition is now under consideration and we recommend that the grant for 1923-24 should be limited to Rs. 45,000.

20. *Secondary Schools.*—The grant for secondary education has increased from Rs. 46,700 in 1913-14 to Rs. 1,15,400 for 1922-23, the latter figure including Rs. 91,000 for Government Schools and Rs. 24,000 for aided schools.

The number of pupils and teachers in Government and aided schools in 1921-22 compared with 1913-14 was as follows :—

Class of School.	Year.	Number of schools.	Number of teachers.	Average number of pupils daily.	Number of pupils per teacher.
Government	1913-14	10	57	1,159	20·3
	1921-22	12*	65	933	14·3
Aided	1913-14	6	69	860	12·5
	1921-22	11	107	1,398	13·1

*One since abolished.

This table shows that whereas the average daily attendance at the Government schools has fallen off, there has been an increase in the number of teachers employed. We consider that the number of teachers should be reduced to the pre-war standard, saving 19 teachers, also that the scale of fees which is lower than in the aided schools should be raised and the grant reduced to Rs. 70,000.

The standard of staffing in the aided schools is also excessive and we think the grant to these schools should be reduced to Rs. 10,000.

21. *Primary schools.*—The average number of pupils per teacher in the Government Primary Schools is only 19·4 and in the aided schools 12·7. We consider that these standards should be materially raised, which would set free funds for increasing the number of schools.

RAJPUTANA.

	Rs.
1913-14, Actual Expenditure	82,000
1921-22, Revised Estimate	1,11,690
1922-23, Budget Estimate	1,09,770

22. The estimate for 1922-23 has been reduced by Rs. 5,180 to meet the cut made by the Legislative Assembly in the total budget of the Administration.

23. *University.*—The grant of Rs. 73,980 consists of a recurring grant of Rs. 55,020 made to the Mayo College and Rs. 18,960 for a leave reserve of officers for the Chiefs' Colleges who are attached to the Mayo College for administrative convenience. We are informed that the Government is committed to the assistance given to the Mayo College as long as the conditions under which the grant is made are observed.

24. *Secondary Education.*—We consider the grants-in-aid to secondary schools amounting to Rs. 34,100 should be reduced to Rs. 20,000. The grants are said to be based upon the number of students attending but we observe that in certain schools the number of pupils per teacher is only about 8, whereas in others it is 18.

CENTRAL INDIA.

	Rs.
1913-14, Actual Expenditure	68,000
1921-22, Revised Estimate	85,000
1922-23, Budget Estimate	82,940

25. The main item included is Rs. 50,000 for the Daly College, Indore, which is a Chiefs' College and we are informed that the Government is committed to the grant now given and that no reduction is possible.

HYDERABAD.

	Rs.
1913-14, Actual Expenditure	58,000
1921-22, Revised Estimate	28,320
1922-23, Budget Estimate	23,350

26. We are informed that it has been decided to reduce the grants-in-aid to Hyderabad by Rs. 2,250 to meet the cut made by the Assembly. These

grants include Rs. 18,490 for secondary education the cost of which we think should be met from local bazar funds and by increased fees and we recommend therefore that the provision for 1923-24 be reduced by Rs. 18,490.

BANGALORE.

	Rs.
1913-14, Actual Expenditure	2,24,000
1921-22, Revised Estimate	2,81,640
1922-23, Budget Estimate	3,29,890

27. This expenditure is met from the revenue of the Assigned Tracts and does not call for any special comment.

GENERAL.

28. *System of Grants.*—The basis of Government grants to schools and colleges in the different administrations varies considerably.

In some cases they are based upon the rules in force in neighbouring provinces and in other cases they are assessed on the total expenditure of the individual schools, on the salaries of teachers employed, on a fixed capitation allowance, or on the difference between income and expenditure, etc.

In the North-West Frontier and Delhi Provinces grants are of three kinds:—

(*a*) Capital grants for buildings, equipment, etc.

(*b*) Direct maintenance grants to (1) colleges and (2) secondary schools.

(*c*) Grants to local bodies for the maintenance of vernacular and primary schools.

29. *Capital Grants.*—These grants are made usually on the pound per pound principle to the managers of private institutions for the erection or extension of school buildings and the purchase of school furniture.

30. *Direct maintenance grants to colleges.*—These grants are usually determined in each case after consideration of the special conditions of the college and in some cases Government may subsidise a college to avoid the necessity of opening a Government college.

31. *Direct maintenance grants to secondary schools.*—In the North-West Frontier Province, we are informed that the grants represent the amount necessary to raise the income from fees and other sources to the minimum needed for maintaining efficiency. Supplementary and additional grants are given to encourage the managers to improve their staff and to pay them well. A standard minimum scale of staff and salaries is laid down for each class of schools, and the amount of the grant is based on the difference between what the income of the school would be from fees charged at full Government rates and the cost of the staff if paid in accordance with the standard rates. If the managers pay their teachers more than the standard rates of pay, Government meets half the cost of the additional pay. The cost of maintenance of buildings and any deficit arising from a reduction in the rate of fees below the Government scale have to be met from private or local sources.

In Delhi, maintenance grants to secondary schools are awarded in accordance with the regulations of the Punjab Educational Code. The grants for each school consists of a capitation grant based on the average attendance of students and a staff grant to teachers holding certificates granted by the department. The total grant may not exceed three-fourths of the excess of expenditure on tuition over the income from the fees. The cost of tuition, however, includes not only the cost of the staff but also petty repairs to buildings, contingencies, etc.

32. *Grants to local bodies for maintenance of primary and vernacular schools.*—Primary and vernacular education is financed partly from local funds and partly from Government grants. In the North-West Frontier Province 25 per cent. of each District Board's income is devoted to education, and all additional sums required for opening new schools, the enhancement of

teachers' salaries, the provision of additional teachers, etc., are paid by Government. The grants to municipalities for primary education are said to be fixed in accordance with their needs after consideration of their financial circumstances. In Delhi the basis of assessment for grant-in-aid is the salaries of the teachers. Government pays two-thirds of the salaries of trained or qualified teachers in vernacular middle and primary schools and half the salaries paid to unqualified teachers. It also pays half the expenditure on the upkeep of primary school buildings. These arrangements apply both to municipal and district board schools.

33. We consider that the present system under which grants are made is unsatisfactory, uneconomical, and prejudicial to the best interests of the country. In our opinion the most pressing need is the extension of primary education facilities to the greatest possible number, and it is evident that the present policy does not fulfil this fundamental requirement. We are informed that probably not more than 20 per cent. of the children of school-going age in the minor administrations are attending school, and that a large increase in expenditure is inevitable. In these circumstances there is in our opinion no justification for allocating to primary education only 33·6 per cent. of the funds available for education in the minor administrations. We recommend that, in the present financial situation of the country, the grants for higher education should be curtailed and fixed at a lump sum for each administration for the next five years, any additional expenditure incurred being met by fees, increased grants from District Boards and Municipalities and private contributions.

34. We feel strongly the necessity for increasing facilities for primary education and therefore have not recommended any reduction in the amount granted for the purpose, but we recommend that in future grants should be made on a capitation basis for each school, fixed upon the average daily attendance of pupils and the number of teachers necessary to maintain a recognised standard of staffing, which we think should be fixed at not more than one teacher per 25 pupils, rising in five years to one teacher per 30 pupils We recognise, however, that this is not possible in every case where the number of pupils is not obtainable.

EXPENDITURE IN ENGLAND.

	£
1913-14, Actual Expenditure	10,400
1921-22, Revised Estimate	9,100
1922-23, Budget Estimate	9,200

35. This expenditure represents leave allowances and we make no recommendation.

CONCLUSIONS.

Having reviewed the expenditure on education we recommend that :—

(1) the whole educational policy be revised, the present system of grants being modified to secure that such funds as are available are applied for the extension of primary education rather than to secondary and higher education ;

(2) grants for secondary and higher education be curtailed and fixed at a lump sum for each administration for the next five years, any additional expenditure required being met from increased fees, increased grants from local bodies and private contributions ;

(3) grants for primary education be fixed as far as possible on the basis of an average of one teacher per 25 pupils rising to one teacher per 30 pupils within five years ;

(4) the scheme for the Delhi University be reconsidered ; and

(5) the budget estimate for 1923-24 for education be limited to Rs. 27,77 000, a saving of Rs. 5,18,000 on the sanctioned estimate for 1922-23 and of Rs. 7,74,000 on the estimate originally presented to the Legislative Assembly.

APPENDIX A.

Statement showing the expenditure from central revenues on the various classes of Education in the Minor Administrations.

	Universities.		Secondary Education.		Primary Education.		Special Schools.		General charges.		Total.	
	1913-14.	1922-23.	1913-14.	1922-23.	1913-14.	1922-23.	1913-14.	1922-23.	1913-14.	1922-23.	1913-14.	1922-23.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
North-West Frontier .	38,000	1,32,000	79,900	3,18,000	2,86,700	6,66,000	17,000	34,000	65,900	1,55,000	4,87,500	13,05,000
Baluchistan . .	...	...	78,300	1,00,600	19,800	91,000	...	15,800	8,700	64,600	1,06,800	2,72,000
Delhi . .	14,200	1,76,000	53,800	2,00,500	24,000	91,800	...	22,800	6,300	61,300	98,300	5,52,900
Coorg . . .	...	...	26,200	60,600	25,000	44,200	5,500	13,200	9,300	32,600	66,000	1,50,700
Ajmer . . .	28,600	64,700	46,700	1,15,400	12,900	44,200	4,400	20,400	9,800	35,400	1,02,400	2,80,100
Rajputana . .	65,600	74,000	15,100	34,100	400	1,200	...	...	700	500	81,800	1,09,800
Central India . .	50,000	50,000	15,300	16,300	6,500	11,400	...	...	...	5,200	71,800	82,900
Hyderabad . .	...	...	29,200	18,500	27,500	7,600	600	400	1,200	1,800	58,500	28,300
Bangalore . .	...	...	1,50,300	1,74,100	60,000	89,300	2,300	22,400	10,900	44,100	2,23,000	3,29,900
Total .	1,96,400	4,97,200	4,94,800	10,38,100	4,62,800	10,46,800	29,800	1,29,000	1,12,800	4,00,000	12,96,600	31,11,600*

* The figures for 1922-23 do not take account of the lump cut made by the Assembly in the estimates of the various administrations.

APPENDIX B.

Statement showing the average cost to Government funds of each child educated in 1920-21.

Administrations.	Arts Colleges.		Secondary Schools.			Primary Schools.		
	Government.	Aided.	Government.	District Board and Municipality.	Aided.	Government.	District Board and Municipality.	Aided.
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
North-West Frontier . . .	...	361 11 1	76 7 6	17 7 6	15 6 11	20 11 9	12 4 3	...
Delhi	...	116 10 2	68 4 0	5 6 2	15 7 8	20 1 3	18 1 10	2 14 4
Coorg	...	...	23 7 7	...	26 8 2	10 9 0	3 0 11	0 4 8
Madras	...	...	40 4 10	10 8 4	6 10 1	12 11 4	4 3 2	2 14 10
Punjab	307 14 7	60 4 6	46 3 10	6 9 8	12 7 7	17 11 7	6 9 0	2 6 8
India	251 13 11	47 13 6	46 5 2	6 15 6	10 5 6	13 10 4	6 0 10	1 9 5

MEDICAL SERVICES AND PUBLIC HEALTH.

These two heads of account are closely inter-related, and it will be convenient to deal with them together. The estimate for 1922-23 compares with the revised estimate for 1921-22 and the actual expenditure in 1913-14 as follows :—

—	Medical Services.	Public Health.	Total.
	Rs.	Rs.	Rs.
1913-14, Actual Expenditure .	12,72,000	10,46,000	23,18,000
1921-22, Revised Estimate . .	27,51,000	16,14,000	43,65,000
1922-23, Budget Estimate . .	32,84,000	16,32,000	49,16,000

2. Under the Reforms Scheme, medical administration, medical education, public health, sanitation and vital statistics are (save for reservations as to legislation in respect of infectious and contageous diseases) provincial transferred subjects over which the Central Government's powers of control are strictly limited.

An analysis of the expenditure of the two departments is as follows :—

—	Medical Services.		Public Health.	
	1913-14.	1922-23.	1913-14.	1922-23.
	Rs.	Rs.	Rs.	Rs.
Administration . . .	1,35,000	2,74,100	93,916	1,39,000
Research Department . .	...	2,26,200	...	...
Central Research Institute .	...	...	1,14,516	3,93,100
Grants-in-aid . . .	1,97,000	4,82,300	5,52,569	5,19,000
Medical Offices, Hospitals and Dispensaries . . .	42,000	56,400	...	...
Imperial Serologist . .	...	68,800	...	...
X-Ray Institute . . .	79,000	1,32,000	...	...
Charges in minor administrations	7,89,000	15,36,000	2,34,000	4,39,000
Miscellaneous . . .	...	...	6,000	45,000
	11,92,000	26,25,800	11,01,000	15,36,000
Expenditure in England Rs. 15 = £1	80,000	5,58,000	45,000	96,000
	12,72,000	32,83,800	10,46,000	16,32,000

Administration.

3. Under the Reforms Scheme medical administration in the provinces is entirely a provincial concern and it is difficult to appreciate the necessity for the large increase in expenditure from Rs. 2,28,916 in 1913-14 to Rs. 4,13,100 required for 1922-23. The establishment now maintained at headquarters includes the following gazetted appointments :—

Medical Services.	*Public Health.*
Director-General, Indian Medical Service.	
Deputy Director-General, Indian Medical Service.	
Assistant Director-General, Stores.	
Deputy Assistant Director-General.	
Officer on Special duty.	
	Public Health Commissioner.
	Assistant Director-General, Indian Medical Service.

We are informed that the appointment of officer on special duty will be abolished in 1923-24 and we further recommend that the temporary appointment of Deputy Assistant Director General, which was created largely as a war measure, also be abolished. We are not satisfied that, under present conditions, there is any justification for retaining a separate appointment of Public Health Commissioner. It was represented to us that one of his principal functions, which could not be readily transferred, was attendance at international conferences and the like, but we consider that such duties could well be undertaken by a senior officer on leave or a recently retired officer, an honorarium, if necessary, being given. We ascertained that there was a certain amount of overlapping of responsibilities in connection with research work and we accordingly recommend that the duties of the Public Health Commissioner be transferred to the Director General, Indian Medical Service, who could, if necessary, retain as one of the two deputies an officer with experience in public health matters. The total savings resulting from the abolition of these three appointments in 1923-24 will be Rs. 76,000.

4. Some reduction should be possible in the statistics prepared by the Public Health Office, and it has also been brought to our notice that cases dealt with in the office of the Director General are again dealt with in the Secretariat Department of Education and Health causing unnecessary duplication of work. We are of opinion, therefore, that the number of clerks employed in the Director General's office, which has increased from 39 in 1913-14 to 50 at the present time, could be reduced and we recommend that further savings of at least Rs. 34,000 be effected in the charges for clerks, peons, allowances, contingencies, etc., making a total reduction under headquarters charges of Rs. 1,10,000, of which Rs. 45,000 falls under the head Public Health.

Research, Grants-in-aid, etc.

5. Expenditure under these headings includes the following items:—

	Rs.
Research Department	2,26,200
Central Research Institute, Kasauli	3,93,100
Grant-in-aid to Indian Research Fund	5,00,000
Grants-in-aid—Medical Services	4,32,300
Grant-in-aid—Public Health	19,900
Total	15,71,500

Research Department.—The Research Department consists of a Director of Medical Research, who was appointed in 1921-22, and a staff of 25 officers. Four officers are employed on the staff of the Central Research Institute, Kasauli, nine in provincial laboratories and Pasteur Institutes who are paid for by the provinces, and the remaining 12 in non-specified appointments, their pay being met from the provision of Rs. 2,26,200 given above.

6. *Indian Research Fund.*— Of the grant of Rs. 5,00,000 to the Indian Research Fund Association only about Rs. 2,30,000 is at present utilised for research, the balance being set aside for a proposed Central Medical Research Institute at Delhi. The total sum accumulated for this institution to date amounts to Rs. 33,26,000, the whole of which has been derived from Government sources. We are not satisfied that, in present financial circumstances, the setting aside of these large sums of money to establish an additional research institute can be justified. The reasons put forward in justification of the scheme are as follows:—

(1) The establishment of a Central Institute at Delhi was recommended by an expert from home after inspection of the existing institutions in India.

(2) The abandonment of the proposal will mean the loss of Rs. 1½ lakhs per annum promised by certain private donors.

(3) The Secretary of State has agreed to the scheme and the negotiations with the donors have reached a stage from which Government can hardly draw back; the Legislative Assembly have also approved the proposal.

(4) At Delhi the Institude will be under the eyes of the Government of India and of the Legislative Assembly.

(5) At Delhi sites will be provided free of cost.

(6) The Governing Body of the Indian Research Fund Association have decided to put aside annually for this purpose Rs. 2½ lakhs from the grant of Rs. 5 lakhs hitherto made to them by Government.

(7) A central institute will greatly strengthen the existing research institutions by advising and co-operating with them in the intricate problems of research.

7. We cannot regard these as being sufficient reasons for the urgent prosecution of this ambitious scheme, bearing in mind that there are already in existence three research organisations, namely, the Kasauli Institute, the Bombay Bacteriological Laboratory and the School of Tropical Medicine and Hygiene at Calcutta.

8. We have ascertained that the 12 bacteriological officers holding unspecified appointments, whose pay is borne on the medical services budget, are lent to the Indian Research Fund Association to carry out research under their control, the Fund meeting only the travelling and field allowances. These officers appear to be interchangeable with other officers remunerated directly from the funds of the Association. The pay of these 12 officers must therefore be regarded as, in effect, a contribution to the Indian Research Fund. We recommend that the appointment of 12 bacteriological officers be abolished and the contribution of Rs. 5 lakhs to the Indian Research Fund be discontinued, such research as is required being met from the interest derived from the accumulated investment of Rs. 33,26,000 in the Fund. We also recommend that the new appointment of Director of Medical Research be abolished, any necessary duties being carried out by the Director of the Kasauli Research Institute.

9. *The Research Institute, Kasauli.*—This Institute is utilised partly for research and partly for the manufacture of vaccines and sera which are issued on payment to the military services, Local Governments and local bodies. The budget estimate for 1922-23 was Rs. 3,93,000, which has been reduced in the revised estimate to Rs. 2,75,000, mainly owing to reduced expenditure on supplies and services. The receipts from the sale of serum are estimated at Rs. 3,07,000, the bulk of this representing book adjustments between departments. The estimate of expenditure for 1923-24 is Rs. 2,92,000, a saving of Rs. 1,00,000.

10. The reductions which we have proposed under expenditure on research amount to Rs. 8,26,000, including the reduction proposed by the Department in the estimate for the Kasauli Institute.

11. *Grants-in-aid.*—The grants-in-aid under medical services are as follows:—

	Rs.
Grants to the Dufferin Fund	3,70,000
Grants to Indian Nursing Association	39,830
Grants to Simla Hospitals	22,500
	4,32,300

The grants to the Dufferin Fund date from 1913 when a subsidy of Rs. 1½ lakhs was given to enable the Fund to organise a non-official women's medical service. The grant has, in the past, been based on the number of lady doctors engaged, but we understand that it has been decided to limit the grant in future to its present figure and, in view of the importance of the work carried out, we make no recommendation.

The grants of Rs. 19,900 under Public Health include provision of Rs. 1,000 for plague charges in the Northern India Salt Revenue Department and Rs. 9,500 for the Central Health Board which will not be required next year a total reduction of Rs. 10,500.

12. *Imperial Serologist, Rs. 68,800.*—We understand that the provision has been reduced by Rs. 20,000 for 1923-24 and that steps are being taken to charge adequate fees for examinations conducted by this office. We recommend that, unless this establishment can be made self-supporting within a year, it be abolished.

13. *X-Ray Institute, Rs. 1,32,000.*—This institute is primarily required for military purposes, but it also performs services to the civil administrations by training operators, purchasing and repairing plant, giving advice, etc. We are informed that no charges are made by the Institute for training students for the Local Governments and we recommend that all expenditure incurred on their behalf should be recovered. We ascertained that large reserve stocks are being carried by the Institute as shown in the following statement :—

——	1913-14.	1921-22.
	Rs.	Rs.
Stock at commencement of year . . .	34,335	8,84,050
Purchases during year	26,070	1,95.794
Issues to military institutions during year . ..	11,280	80,849
Issues to civil institutions (on payment indent) during year	4,603	1,269
Issues to the X-Ray Institute, Dehra Dun, and branches in Delhi and Simla, during year .	4,817	1,02,649
Issues to the Disposals Commissioner during year.	...	2,63,270
Stock at end of year	39,705	6,31,807

We recommend that the stores held be limited to one year's requirements. It has been agreed that the whole indent for purchase of X-Ray stores in 1923-24 should be cancelled, saving Rs. 1,27,000. A reduction of Rs. 6,000 has also been effected in the current expenditure of the Institute.

14. *Miscellaneous (Rs. 45,000).*—This charge under Public Health mainly represents port quarantine charges for ports in Madras. The whole question of quarantine restrictions at Indian ports requires examination. There is no reason, so far as we can see, why an expensive organization need be maintained for the examination of vessels proceeding from one Indian port to another while the public are permitted to travel by rail freely from one province to another. It is necessary to have an inspection of vessels proceeding to Europe by the Suez Canal, to enable them to obtain the clean bill of health required by the Egyptian Authorities, and possibly of vessels proceeding to other foreign ports, but there must be room for considerable reduction of expenditure all round the coast of India in connection with these quarantine regulations. There are no quarantine rules in Great Britain. If a vessel arrives at a British port from abroad with an infectious disease on board she is immediately given pratique. If there is sickness on board, the sick are removed at once, their quarters fumigated and the ship is not detained. Similar rules might with advantage be introduced into India.

Charges in the minor administrations.

	Medical Services.	Public Health.
	Rs.	Rs.
1913-14, Actuals . .	7,39,000	2,34,000
1921-22, Revised Estimate .	14,02,000	3,76,000
1922-23, Budget Estimate .	15,36,000	4,39,000

This expenditure is distributed as follows :—

	Medical Services.		Public Health.	
	1913-14.	1922-23.	1913-14.	1922-23.
	Rs.	Rs.	Rs.	Rs.
North-West Frontier Province . . .	2,10,000	4,05,000	16,000	2,32,000
Baluchistan	1,01,000	3,47,000	14,000	24,000
Delhi	1,11,000	3,48,260	1,20,000	86,000
Coorg	44,000	82,000	4,000	6,620
Ajmer-Merwara	33,000	71,260	1,000	2,830
Rajputana	5,000	9,310	4,000	5,790
Central India	1,32,000	30,800	...	1,000
Hyderabad	6,000	7,150	...	10,000
Bangalore	97,000	2,35,170	75,000	70,760
Total .	7,39,000	15,36,000	2,34,000	4,39,000

15. *North-West Frontier Province*—

	Medical.	Public Health.
	Rs.	Rs.
1913-14, Actuals	2,10,000	16,000
1922-23, Budget Estimates . .	4,05,000	2,32,000

As a result of the recommendations of the local Retrenchment Committee, the budget provision for 1922-23 under Medical has been reduced to Rs. 3,53,000, and under Public Health to Rs. 1,34,000, saving in all Rs. 1,50,000.

16. *Baluchistan*—

	Medical.	Public Health.
	Rs.	Rs.
1913-14, Actuals	1,01,000	14,000
1922-23, Budget Estimates . .	3,47,000	24,000

The provision under medical for 1922-23 includes Rs. 18,760 for furnishing the Quetta hospital which is non-recurring, Rs. 84,500 for cost of medicines and diets, and Rs. 42,900 for contingencies. We consider that, substantial reductions under these heads should be possible, particularly in view of falling prices and we recommend that the budget provision for 1923-24 be limited to Rs. 3,00,000, saving Rs. 47,000.

We are informed that the estimate for Public Health in 1923-24 has been reduced by Rs. 10,000, making a total reduction of Rs. 57,000.

17. *Delhi*—

	Medical.	Public Health.
	Rs.	Rs.
1913-14, Actuals . . .	1,11,000	1,20,000
1923-24, Budget Estimates . .	3,48,260	86,000

The main item in the increased provision for 1922-23 under Medical is the grant-in-aid to the Lady Hardinge Medical College limited to Rs. 2,00,000, the present figure, which is not susceptible of reduction, and we therefore make no recommendations. The remaining expenditure of Rs 1,48,260 includes Rs. 23,000 for non-recurring charges and further savings of Rs. 15,000 should be possible in the provision for medicines and apparatus, making a total reduction of Rs. 38,000.

The proposed provision under Public Health for 1923-24 is Rs. 78,610, but we consider that further savings should be possible in the grants to local bodies which amount to Rs. 58,500 We recommend that the provision for Public Health in 1923-24 be limited to Rs. 70,000, saving Rs. 16,000, and making a total reduction of Rs. 54,000.

18. *Coorg*—

	Medical.	Public Health.
	Rs.	Rs.
1913-14, Actuals	41,000	4,000
1922-23, Budget Estimates . .	82,000	6,620

We understand that the officer who investigated the medical expenditure in Coorg proposed a reduction of Rs. 11,500 and we recommend that a saving of this amount be given effect to in 1923-24.

19. *Ajmer-Merwara*—

	Medical.	Public Health.
	Rs.	Rs.
1913-14, Actuals . . .	33,000	1,000
1922-23, Budget Estimate . .	71,260	2,830

We understand that the provision for 1923-24 under Medical is estimated at Rs. 79,870, the increase being due to a new provision for leave allowances (Rs. 15,000) counterbalanced by savings on hospitals and dispensaries.

20. *Central India*—

	Medical.	Public Health.
	Rs.	Rs
1913-14, Actual Expenditure .	1,32,000	*Nil.*
1922-23, Budget Estimate . .	30,800	1,000

The revised estimate for 1922-23 is Rs. 52,000 under Medical and the estimate proposed for 1923-24 is Rs. 55,710 and we make no recommendation.

21. *Bangalore*—

	Medical.	Public Health.
	Rs.	Rs.
1913-14, Actual Expenditure .	97,000	75,000
1922-23, Budget Estimate . .	2,35,170	70,760

The provision for 1923-24 under Medical is estimated at Rs. 2,04,000, a saving of Rs. 31,000. This expenditure is met from the revenues of the Assigned Tract.

EXPENDITURE IN ENGLAND.

	Medical.	Public Health.
	Rs.	Rs.
1913-14, Actual Expenditure .	80,000	45,000
1922-23, Budget Estimate . .	5,58,000	96,000

22. The expenditure in 1922-23 is distributed as follows :—

Medical.	Rs.	*Public Health.*	Rs.
Maintenance of Lunatics	6,000	Grants for medical research	12,000
Sundry items . .	18,000	Leave allowances . .	84,000
Leave allowances . .	1,14,000		96,000
Stores . . .	4,20,000		
	5,58,000		

We have already recommended (paragraph 13) a reduction of Rs. 1,27,000 under stores in 1923-24 by elimination of the indent for the X-Ray Institute. We think that a further saving of at least Rs. 50,000 should be possible in medicines, etc., owing to falling prices.

CONCLUSIONS.

Having reviewed the expenditure under the heads Medical Services and Public Health we recommend that :—

(1) the Medical and Public Health services be amalgamated ;

(2) the grant to the Indian Research Fund Association be discontinued as they have now at their disposal an accumulated reserve of Rs. 33,26,000 derived from Government;

(3) Port quarantine regulations be revised on the lines of those obtaining in Great Britain ;

(4) the total estimates for Medical Services and Public Health (including expenditure in England) be limited in 1923-24 to Rs. 26,41,000 and Rs. 8,53,000 respectively, saving Rs. 6,40,000 under the former and Rs. 7,79,000 under the latter head, and making a total saving for the combined departments of Rs. 14,19,000.

AGRICULTURE.

The estimate for 1922-23 compares with the revised estimate for 1921-22 and the actual expenditure for 1913-14 as follows:—

	Rs.
1913-14, Actual Expenditure . . .	9,23,000
1921-22, Revised Estimates	21,52,000
1922-23, Budget Estimates	23,36,000

2. Under the Reforms Scheme, Agriculture (including Civil Veterinary Services) is a provincial subject in all the major provinces, and the above figures relate solely to expenditure on the research institutes at Pusa and Mukteswar, and in the minor administrations. The expenditure is subdivided under the main heads shown below:—

——	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
Pusa Institute . . .	5,47,000	9,83,000	11,19,000
Mukteswar Institute .	2,03,000	7,25,000	7,17,000
Minor Administrations . .			
Agriculture	1,54,000	1,49,000	1,67,000
Veterinary		1,08,000	1,32,000
	9,04,000	19,65,000	21,35,000
Expenditure in England at Rs. 15=£1	19,000	1,87,000	2,01,000
	9,23,000	21,52,000	23,36,000

3. *Pusa Institute.*—There has been a considerable development in the activities of this Institute since 1913-14 and various new functions have been added such as those of the Dairy Expert, Physiological Chemist, Indigo Research Cotton Committee and Sugar Bureau costing in all over Rs. 2,50,000 per annum.

The appointments of Imperial Dairy Expert and the Physiological Chemists were created about 2 years ago with a view to improving the milk supply and developing cattle breeding in India. It was frankly admitted, however, that under existing circumstances the appointment of a dairy expert could not be justified, as dairy farms are not available on which to produce milking pedigree stock or to provide technical training for those desiring to take up dairy farming. The principal functions performed by the dairy expert at the present time are the drawing up of schemes for Indian States, firms and private persons, and we are informed that many of these schemes have failed to fructify owing to inability to supply suitable stock or trained staff to take charge of the proposed undertakings.

4. It was represented to us that, unless funds could be provided for the development of the dairy industry or some of the Military dairy farms handed over to the Agricultural Department, the appointment of Dairy Expert should be abolished. We are of opinion, however, that the development of cattle breeding and the dairy industry should be encouraged we have discussed with the Commander-in-Chief the question of transferring some of the Military Dairy Farms to the Agricultural Department and he has agreed that two farms should be taken over as soon as the necessary arrangements can be made. We understand that this transfer will not involve any additional expense to Government or any increase in the price of the milk to Army hospitals or other consumers, and it is stated that no budget provision of any kind will be necessary as the realisations from the produce will be quite sufficient to work the farms at a profit. As a result of our discussions we think it should be possible to make the Dairy Farms, including the cost of the Dairy Expert and Physiological Chemist, self-supporting within a reasonable period and we

recommend that arrangements be made for two of the Military Farms to be transferred forthwith to the Agricultural Department and that the provision for the Dairy Expert and Physiological Chemist be limited to Rs. 40,000, saving Rs. 34,000.

5. We are informed that the two appointments of Indigo Research Chemist and Botanist costing Rs. 52,350 in 1922-23 have been terminated and a saving of this amount will automatically be effected in 1923-24.

6. The Central Cotton Committee is a purely advisory body recently established as a result of the recommendations of the Indian Cotton Committee. We are informed that it is proposed to levy a cess of two annas per bale of cotton consumed in the mills or exported from India to provide funds for the establishment of a Technological Laboratory in Bombay, for the conduct of spinning tests for Indian cottons, and for grants to the provinces for Agricultural Research under the direction of the Committee. It is anticipated that the proceeds of the cess, the imposition of which has been approved by Local Governments and commercial bodies, will fully pay the cost of the Central Cotton Committee and leave a surplus for its proposed activities. Under these circumstances no provision will be required for 1923-24 saving Rs. 79,160.

7. The Sugar Bureau has been established for about 4 years at Pusa on a temporary basis for the collection of materials in connection with the improvement of the sugar industry. It publishes statistics of the production and consumption of sugar in different parts of the world and the fluctuations in prices. It also conducts field experiments on a small scale. We recommend that the necessity for continuing the bureau costing Rs. 37,000 annually be examined.

8. We are informed that the Government of Bihar and Orissa contribute Rs. 1,400 annually towards the maintenance of the Hospital at Pusa. The total cost of the Medical Branch in 1922-23 was Rs. 20,930 and we ascertained that the number of indoor and outdoor patients treated in 1921-22 was 40,400 of whom 24,200 came from neighbouring villages in the Darbhanga and Muzaffarpur districts. Under these circumstances we are of opinion that the Local Government ought to be asked to increase their contribution.

9. The total staff of the Agricultural Adviser and Director has increased from 58 in 1913-14 to 107 required for 1922-23. We are informed that the additional staff consists of 15 clerks, 14 menials, 8 artists, transferred from temporary to permanent appointments, and 12 mechanics to attend to the Electric, Gas, and Ice Installations. We understand that the post of Assistant to the Agricultural Adviser is vacant and that it will not be filled in 1923-24 saving Rs. 6,600. We consider that other reductions in establishment should be effected to make a total saving of Rs. 10,000.

10. A special provision of Rs. 16,000 for the extension of the Research Institute was included in the 1922-23 Budget and, as this is a non-recurring charge, a corresponding saving will be effected in 1923-24. We are of opinion that reductions should be possible under supplies and services, Rs. 73,000, and Contingencies, including grain compensation, Rs. 36,000, and we recommend a reduction under these heads of Rs. 10,000, making a total saving in the Agricultural Adviser and Director's Department of Rs. 36,000.

11. In the remaining sections of the Institute we are informed that the Department are prepared to agree to the abolition of the following appointments some of which are already vacant :—

	Saving. Rs.
Supernumerary Entomologist	6,000
Assistant Bacteriologist	6,000
Supernumerary Agricultural Chemist	11,400
Supernumerary Mycologist	5,800
Supernumerary Agriculturist	6,000
TOTAL	35,200

In addition to these reductions we are of opinion that considerable savings should be possible in the expenditure on Supplies and Services and

Contingencies on account of falling prices and we recommend that the provision be reduced by at least Rs. 15,000.

12. The Revenue and Agriculture Department has, at our request, consulted Local Governments as to the value of the activities of the Pusa Institute to the provinces and whether they would be prepared to contribute to the future cost of the Institute. There is no doubt that the Institute is at present performing certain services the cost of which should not fall on central revenues such as the training of students sent to Pusa by Local Governments. We consider that in such cases reasonable charges should be made.

13. *Muktesar Institute.*—This Institute mainly exists for the preparation of vaccines and sera and the increased expenditure since 1913-14 is mainly due to increased production of these commodities. Research work is also carried out at the Institute to a limited extent and training is given to officers of the Army and Civil Veterinary Service and to candidates for the higher Service in India.

The receipts from the sale of sera and other items in 1922-23 were estimated at Rs. 6,11,300, but we understand that this estimate is not likely to be realised. We are informed by the Revenue and Agriculture Department that Muktesar could be made to fully pay its way and while we recognise the importance of extending the protection against disease which is afforded by the use of vaccines and sera, we do not think there is any justification for selling these products at an uneconomic price. We recommend therefore that steps be taken to place the Institute on a self-supporting basis for 1923-24.

14. *Minor Administrations.*—The estimated expenditure in the Minor Administrations in 1922-23 may be analysed as follows:—

	Rs.
North-West Frontier	1,27,000
Baluchistan	87,000
Delhi	33,120
Coorg	15,770
Ajmer	30,910
	2,96,800

The expenditure on Supplies and Services Rs. 19,000 and on Contingencies Rs. 45,000 in the North-West Frontier Province should, we think, be reduced by Rs. 7,000 on account of falling prices and we recommend the provision for 1923-24 be limited to Rs. 1,20,000.

With regard to Baluchistan we are informed that although Rs. 87,000 was provided for 1922-23 the revised estimate has been reduced to Rs 65,910. Additional expenditure of Rs. 7,370 will be required in 1923-24 on account of the separation of the Baluchistan Veterinary service from that of Sind and Rajputana, and we recommend the total provision for 1923-24 be limited to Rs. 75,000, saving Rs. 12,000.

We understand that a total reduction of Rs. 17,560 is being effected for 1923-24 in the estimates for Delhi, Coorg and Ajmer, and we make no recommendations.

15. The total reductions which we have indicated including those suggested by the Department amount to Rs. 2,88,000. We recommend therefore that the total provision for Agriculture in 1923-24 be limited to Rs. 20,50,000 a reduction of Rs. 2,86,000.

CONCLUSIONS.

Having reviewed the expenditure on Agriculture we recommend that:—

(1) Two of the Military Dairy Farms be transferred forthwith to the Agriculture Department;

(2) The necessity for retaining the sugar bureau be examined;

(3) The Muktesar Institute be placed upon a self-supporting basis; and

(4) The Budget estimate for 1923-24 be limited to Rs. 20,50,000, a reduction of Rs. 2,86,000.

INDUSTRIES.

The estimate for 1922-23 compares with the revised estimate for 1921-22 and the actual expenditure for 1913-14 as follows :—

	Rs.
1913-14, Actual Expenditure	*Nil.*
1921-22, Revised Estimate	4,37,000
1922-23, Budget Estimate	1,59,000

2. The development of industries is a provincial transferred subject, except in cases where such development by a central authority is declared by order of the Governor General in Council, made after consultation with the Local Government or Local Governments concerned, to be expedient in the public interest. We are informed that no such declaration has been made in the case of any industry.

3. The provision of Rs. 1,59,000 made in the budget of 1922-23 has been reduced in the revised estimates to Rs. 1,38,000 made up as follows :—

	Rs.
Acetone Factory, Nasik	41,000
Grant to Drug Manufacture Committee	5,000
School of Mines and Geology	15,000
Froth flotation process for working Indian coal . . .	6,000
Expenditure in India on the British Empire Exhibition . .	22,000
Expenditure in minor administrations	3,000
Expenditure in England, mainly leave allowances . . .	46,000
	1,38,000

4. The expenditure on the Acetone Factory is a terminal charge and will not be repeated in 1923-24, as the Factory has been sold to the Government of Bombay for use as a distillery. We understand that the expenditure in England on leave allowances is due to leave granted to the staff of the Acetone Factory on the termination of their engagements and that this provision also will not be required. We are also informed that the provision for the froth flotation process for working Indian coal is a non-recurring grant.

5. *The School of Mines and Geology.*—This is a new scheme for training qualified mining engineers and managers. The initial cost of the school is at present estimated at Rs. 14,15,000, and the recurring annual cost at about Rs. 2,00,000, against which it is expected that there will be some receipts on account of fees for tuition and rents for hostel accommodation. Apart from the provision of Rs. 15,000 under 'Industries' a sum of Rs. 1,00,000 for the commencement of construction appears in the 'Civil Works' estimates for 1922-23. We recognise that an institution of this kind is *per se* desirable, but, in view of the present financial conditions, we recommend that the scheme be postponed for three years ; if prices continue to fall in the meantime, it may then be possible to carry through the scheme more economically than at present.

6. If these items be omitted, the expenditure required under this head will be about Rs. 30,000 only, including provision of Rs. 22,000 in the revised estimates for 1922-23 for the British Empire Exhibition, for which we understand that increased provision will be required in 1923-24.

CONCLUSIONS.

Having reviewed the expenditure under the head 'Industries', we recommend that :—

(1) the construction of the School of Mines and Geology be postponed for three years ; and

(2) expenditure in 1923-24 be limited to Rs. 30,000, a saving of Rs. 1,29,000, apart from such new expenditure as it may be necessary to incur in connection with the British Empire Exhibition.

CIVIL AVIATION.

The estimate for 1922-23 compares with the revised estimate for 1921-22 and the actual expenditure in 1913-14 as follows:—

	Rs.
1913-14, Actual Expenditure	*Nil.*
1921-22, Revised Estimate	1,81,000
1922-23, Budget Estimate	48,000

2. This grant includes provision for a Chief Inspector and his establishment, costing with travelling allowances about Rs. 22,500. The rules made by the Indian Aircraft Act contemplate the employment by Government of an officer to examine aeroplanes, pilots, and ground engineers before granting licenses and certificates, and also to examine landing sites and to enquire into accidents. As a result, however, of the inability of Government to provide funds for the development of aviation and of the absence of private enterprise, the number of occasions on which this officer's services are required are very limited. We are informed that during 1921-22 the Chief Inspector carried out the following work which may be said to require specialised knowledge:—

12 certificates of airworthiness.
11 periodic inspections of machines.
12 examinations of ground engineers.
3 examinations of pilots.
31 examinations of landing sites.
2 inquiries into accidents.

3. We do not consider that this amount of work justifies the retention of a full time officer and we recommend that, until aviation further develops, the duties should be entrusted to a qualified officer of the Air Force to whom a suitable inspection fee or allowance might be paid. About Rs. 13,000 has been provided in the current year's estimates for the construction or upkeep of aerodromes. In view of the limited use made of these aerodromes, we think that the provision for 1923-24 should be reduced to Rs. 6,000.

4. After the war 100 aeroplanes were given to the Government of India by the Home Government. These aeroplanes were subsequently presented to Local Governments, Indian Princes and others, but a certain number have been returned, and the Department proposes that Rs. 5,000 should be provided in 1923-24 for their storage and redistribution. We consider that these aeroplanes can now be of little value and that they should be made over to the Air Force for disposal, thereby relieving Government of the expense of upkeep and maintenance, and that no provision on this account should be made in the coming year's budget.

5. The Government of India have accepted liability for half the total cost of the capital works undertaken on the Cairo-Karachi route, subject to a limit of £850, and for recurring expenditure on the maintenance of the route, subject to a limit of £400 per annum. It is not certain when this expenditure will be incurred, and, unless it is anticipated that this liability will accrue next year, we think that the budget for 1923-24 should be reduced to Rs. 15,000 including provision for fees as suggested above.

6. When Civil Aviation further develops, it will be necessary in the future to increase the grant under this head.

MISCELLANEOUS DEPARTMENTS.

The total estimates for 1922-23 compare with the revised estimates for 1921-22 and the actual expenditure for 1913-14 as follows:—

	Rs.
1913-14, Actual Expenditure . . .	5,72,000
1921-22, Revised Estimate	43,61,000
1922-23, Budget Estimate	26,71,000

This expenditure is divided under the main heads shown below :—

Head.	1913-14.	1921-22.	1922-23.
Commercial Intelligence . .	1,51,000	3,25,000	4,80,000
Census	41,000	27,40,000	5,22,000
Emigration . . .	1,05,000	1,32,000	1,66,000
Joint Stock Companies . .	*Nil**	1,34,000	1,30,000
Other Miscellaneous Departments	2,51,000	7,52,000	10,63,000
	5,48,000	40,83,000	23,61,000
Expenditure in England (Rs. 15=£1)	24,000	2,78,000	3,10,000
Total .	5,72,000	43,61,000	26,71,000

* Not separately shown in 1913-14.

2. The table shows that apart from special expenditure of a non-recurring character such as that connected with the decennial census there has been a considerable increase in activity in most of the departments. We deal seriatim with the main heads under which the account is set out above :—

Commercial Intelligence Department.

	Rs.
1913-14, Actual Expenditure . . .	1,51,000
1921-22, Revised Estimate	3,25,000
1922-23, Budget Estimate	4,80,000

3. The Commercial Intelligence Department was sub-divided into two separate organizations in April 1914, namely, the Bureau of Commercial Intelligence and the Directorate of Statistics, with which we will deal separately.

4. *Bureau of Commercial Intelligence—*

	Rs.
1921-22, Revised Estimate	1,80,800
1922-23, Budget Estimate	3,16,000

This Department was, no doubt, useful during the war when the Director had various duties to perform in connection with the supply of munitions and when it was considered inexpedient to publish any information relating to the movement of trade, but it is questionable whether it is now necessary to maintain an establishment on this scale for the purpose. In view of the necessity for retrenchment, we are informed that certain existing or contemplated activities of the department have been abandoned which will effect a saving in the current year's budget of Rs. 1,08,000 and of Rs. 1,59,000 in 1923-24. Whether Indian trade benefits to an extent warranting the expenditure which will still remain is open to doubt, and we recommend that further economies should be effected, increasing the saving to Rs. 2,09,000.

5. *Directorate of Statistics—*

	Rs.
1921-22, Revised Estimate	1,44,200
1922-23, Budget Estimate	1,64,000

This Department has been reamalgamated with the Bureau of Commercial Intelligence and the status of the officer in charge has been reduced, saving Rs. 13,000 annually.

6. Even with these reductions the cost of the department will be much higher than its pre-war level, and we consider that there is room for further economy. In our opinion, the various bulletins at present issued and the weekly cable to London might well be discontinued saving Rs. 7,300. Further, we think that many of the statistical publications of the department contain a large mass of detail which could be eliminated without impairing their utility. We suggest that the whole of these publications should be carefully reviewed, and think that, if this is done, substantial economy can be effected in the number and cost of the compiling staff and in stationery and printing.

In view of all the circumstances we are of the opinion that the budget of the combined department should be reduced to Rs. 2,00,000, a reduction of Rs. 2,80,000 on the budget for 1922-23.

CENSUS.

	Rs.
1913-14, Actual Expenditure . . .	41,000
1921-22, Revised Estimate	27,40,000
1922-23, Budget Estimate	5,22,000

7. It is anticipated that the 1921 census work will be completed by June 1923, and that the provision for 1923-24 should not exceed Rs. 1,00,000, a reduction of Rs. 4,22,000.

EMIGRATION.

	Rs.
1913-14, Actual Expenditure . . .	1,05,000
1921-22, Revised Estimate	1,32,000
1922-23, Budget Estimate	1,66,000

8. The estimate for 1922-23 includes Rs. 1,35,000 for internal, and Rs. 31,000 for external, emigration. It is proposed under the former head to effect economies which will in 1923-24 reduce the demand by about Rs. 58,000 in addition to which about Rs. 8,000 will be recoverable on diet issued to patients. In the case of external emigration, fees in 1922-23 were estimated at Rs. 17,000 and we understand that it is intended, under the Emigration Act, 1922, to fix the fees at a figure which will fully cover the entire cost of administration. As a result of these modifications, there should in 1923-24 be a saving in expenditure of Rs. 58,000 while the receipts will be increased by Rs. 22,000.

JOINT STOCK COMPANIES.

	Expenditure.	Receipts.
	Rs.	Rs.
1913-14 . .	Separate figures not available.	
1921-22, Revised Estimate .	1,34,000	2,71,000
1922-23, Budget Estimate .	1,30,000	2,61,000

9. The functions of this department are statutory under the Indian Companies Act, 1913, and as the expenditure is fully covered by receipts, we make no recommendations.

OTHER MISCELLANEOUS DEPARTMENTS.

	Rs.
1913-14, Actual Expenditure . . .	2,51,000
1921-22, Revised Estimate	7,52,000
1922-23, Budget Estimate	10,63,000

Department.	1913-14.	1921-22	1922-23.
	Rs.	Rs.	Rs.
Imperial Library .	40,000	75,100	73,900
Board of Examiners .	48,000	49,600	65,800
Indian War Memorial . .	...	8,000	8,700
Actuary to Government of India.	21,000	31,800	33,200
Explosives Department .	83,000	77,400	1,04,600
Controller of Patents and Designs.	40,000	51,600	67,500
Electrical Adviser to Government of India	...	34,700	35,200
Metallurgical Inspectorate .	...	1,00,100	95,700
Superintendent, Local Manufactures and Government Test House, Alipore.	...	1,35,000	1,79,800
Indian Stores Department .	...	1,10,700	3,83,600
Miscellaneous and minor administrations.	19,000	78,000	15,000
TOTAL .	2,51,000	7,52,000	10,63,000

10. We have no remarks to make with regard to the Indian War Memorial and the Actuary to the Government of India, or with regard to the departments of the Controller of Patents and Designs, the Metallurgical Inspectorate, and the Superintendent of Local Manufactures and Government Test House, Alipore, which are self-supporting.

11. *The Imperial Library.*—This important library affords valuable educational facilities to students, and appears to be increasingly used. The staff has been slightly increased and the pay of the librarian more than doubled. When the present incumbent retires we suggest that the pay of the appointment should be reconsidered; meanwhile we have no suggestion to make as to reduction, but the question of obtaining a contribution from the Bengal Government towards the cost of maintaining the library should be considered.

12. *Board of Examiners.*—We suggest that arrangements should be made for conducting the examination of civil candidates from the Provinces on the system in force in Bombay and Madras, where Oriental language examinations are conducted by local Boards and the examiners remunerated by fees for each candidate. Army and other Central Government candidates could then be examined by part time examiners. This would make it possible to abolish the Board of Examiners, saving Rs. 65,800, less the cost of fees for examiners, say Rs. 15,000, or a net saving of about Rs. 50,000.

13. *Explosives Department.*—We understand that in the current year savings of Rs. 15,000 will be effected under leave allowances and in the provision for increased pay of establishment. We do not suggest any reduction in this important department, but recommend that Local Governments and local bodies should be charged fees for inspection duties performed by the Explosives Department on their behalf.

14. *Electrical Adviser.*—This appointment has now been abolished, saving Rs. 35,000 in 1923-24.

15. *Indian Stores Department.*—We are informed that this Department has been recently constituted in order to encourage the development of the industrial resources of India and to effect economies by co-ordinating purchases for the Central and Provincial Governments, thus eliminating competition between Governments and Departments. At present its activities are confined to the purchase of textiles for the Army Department and to the control of the Metallurgical Inspectorate and of the Superintendent, Local Manufactures and Government Test House, Alipore. We understand, however, that it is contemplated gradually to extend the organization to enable it to undertake the purchase and inspection of various important classes of stores including cement, oils, paints, chemicals, textiles, leather goods, hardware and engineering and other stores, and estimates have been placed before us for an establishment costing Rs. 24 lakhs annually. It is proposed to cover the cost by a charge of 2 per cent. for purchase and inspection and 1 per cent. for inspection only, it being assumed that the value of the annual purchases by the department will amount to about Rs. 7½ crores and of the goods inspected to about Rs. 15 crores. It is extremely doubtful whether Local Governments will use this organization and the United Provinces have in fact already set up a separate stores department. In view of the large turnover assumed the proposed charges appear to us to be excessive. A system of central purchase may have theoretical advantages, but we recommend that no provision be made for further expansion of the department until it has been ascertained that the provinces collectively are prepared to utilize it for their transactions and that such expansion will be financially justified. The present establishment has been framed with a view to the expansion of the department's activities and is now costing about Rs. 4,00,000 annually. We recommend that the provision be reduced to Rs. 3,00,000, saving Rs. 83,000.

16. *Minor Administrations.*—This expenditure relates mainly to the compilation of provincial trade registration statistics, which we consider might be discontinued, saving Rs. 15,000.

Expenditure in England.

	Rs.
1913-14, Actual Expenditure	24,000
1921-22, Revised Estimate	2,78,000
1922-23, Budget Estimate	3,10,000

17. This expenditure may be subdivided as follows, the amounts being shown in sterling :—

——	1913-14.	1921-22.	1922-23.
	£	£	£
Indian Trade Commissioner, London	...	9,500	9,700
Indian Trade Commissioner, East Africa	...	400	1,500
Leave allowances	...	1,400	2,600
Sundry items including stores for Superintendent of Local Manufactures and Metallurgical Inspectorate.	1,600	7,200	6,900
TOTAL	1,600	18,500	20,700

18. *Indian Trade Commissioner in London.*—The appointment of Indian Trade Commissioner was created during the war, the first holder taking up his duties in 1917-18 at an office in the City. When the appointment of High Commissioner for India was created the Indian Trade Commissioner was placed under his control. We consider that, in present financial circumstances, it is not justifiable to retain a separate office in the City and that the necessary duties could be more economically carried out by transferring them to the High Commissioner. We believe that, in that case, the cost of the additional establishment required in the High Commissioner's office could be limited to £2,000 and we recommend that the separate appointment of Trade Commissioner be abolished, saving £7,700.

19. The provision of £6,900 for sundry items includes provision for new machinery and other non-recurring expenditure and we recommend a reduction of £3,000.

CONCLUSIONS.

Having reviewed the expenditure under this head we recommend that—

(1) including the saving proposed by the Department the expenditure of the Commercial Intelligence Department be reduced by Rs. 2,80,000;

(2) the provision for the completion of the 1921 census be limited to Rs. 1,00,000;

(3) the fees for external emigration be fixed at the level necessary to cover the full cost of administration, and that the expenditure on internal emigration be reduced by Rs. 58,000 as proposed by the Department;

(4) the Board of Examiners be abolished, saving Rs. 50,000;

(5) fees be charged to local Governments and local bodies for inspections carried out by the Explosives Department on their behalf and that the budget of the Department in 1923-24 be limited to Rs. 89,000;

(6) the expansion of the Indian Stores Department be postponed and a reduction of Rs. 83,000 effected;

(7) the compilation of provincial trade statistics in the minor administrations be abolished, saving about Rs. 15,000;

(8) the appointment of Indian Trade Commissioner, London, be abolished, saving Rs. 1,15,000 and a reduction of Rs. 45,000 be effected in other expenditure in England; and

(9) the budget estimate for 1923-24 for the miscellaneous departments be limited to Rs. 15,53,000, a reduction of Rs. 11,18,000.

PART VII.

REVENUE COLLECTING SERVICES.

CUSTOMS.

The estimates for expenditure and receipts in 1922-23 (including a supplementary estimate of Rs. 4,04,000) compare with the revised estimates for 1921-22 and the actual expenditure and receipts in 1913-14 as follows :—

	Expenditure.	Receipts.
	Rs.	Rs.
1913-14, Actuals . . .	41,34,000	11,13,78,000
1921-22, Revised Estimate .	70,43,000	34,60,14,000
1922-23, Budget Estimate .	72,74,000	45,41,84,000

2. The growth in expenditure since 1913-14 is mainly due to increases in pay, though there have also been some additions to establishments From the information supplied to us it appears that there has been a falling off in trade since 1913-14, but the large enhancements in the tariff and the differentiations made between various classes of goods have not merely increased the incentives to smuggling, but have also added to the complexities of customs administration. Mainly as the result of the growth of the revenue the percentage of the cost of collection to receipts has fallen from 3·7 in 1913-14 to 1·6 in 1922-23.

CONCLUSION.

If the recommendations made in paragraph 19 of our report on General Administration are adopted, there should be a saving of Rs. 47,000 on account of the cost of the post of Commissioner of Customs, Bombay. Having regard to the importance of maintaining the revenue we do not recommend any further reduction. At the same time we think that the strength and pay of the staffs at the various Customs Houses should be examined with a view to possible economies.

TAXES ON INCOME.

The estimates for expenditure and receipts in 1922-23 compare with the revised estimates for 1921-22 and the actual expenditure and receipts in 1913-14 as follows :—

	Expenditure.	Receipts.
	Rs.	Rs.
1913-14, Actuals . . .	4,69,000	2,90,52,000
1921-22, Revised Estimate	21,52,000	21,11,99,000
1922-23, Budget Estimate	47,01,000	22,11,89,000

2. Since 1913-14 the expenditure has increased ten-fold and the receipts about eight-fold. Prior to the Reforms, income-tax was a "divided" head, the cost of assessment and the proceeds of the tax being shared between the Central Government and the Provinces. The figures for 1913-14 represent the total expenditure and collections whether Provincial or Central. In 1921-22 the Provincial Governments received an assignment of 3 pies on every additional rupee of income assessed in the Provinces in excess of the amount assessed in the year 1920-21 and paid a quarter share of the cost of collection. This arrangement was slightly modified in 1922-23, when the Central Government undertook to pay the whole cost of collection. The figures in the above estimates for these two years show the net expenditure and receipts

attributable to the Central Government. The following statement shows the total expenditure and receipts adjusted to include the share of the Provinces :—

	Expenditure.	Receipts.
	Rs.	Rs.
1913-14	4,69,000	2,90,52,000
1921-22	28,20,000	21,32,90,000
1922-23	47,01,000	22,33,11,000

3. We understand that, until recently, except in the Presidency towns and a few other large cities, the assessment and collection of the income-tax were entirely in the hands of the ordinary revenue staff, the only items shown as expenditure debitable to income-tax being the expenditure on special whole-time staffs where employed. With the successive enhancements in the rates of income-tax, improvements in the principles and methods of assessment and the separation of Provincial and Central interests under the Reforms, it became necessary to reorganise throughout the existing establishments for the assessment and collection of the taxes on income. The policy adopted was to create all over India a separate income-tax department, and schemes to give effect to this policy are now in process of introduction. A saving of Rs. 2,27,000 on the budget grant of the current year is anticipated, but it has been represented to us that, so far from a reduction in expenditure on this head being possible, some further expansion of this department is desirable if serious leakage of revenue is to be avoided. Having regard to the importance of maintaining the Revenue we do not recommend any reduction in the estimates of this Department for 1923-24 as compared with the current year's estimates.

SALT.

The estimate for 1922-23 compares with the revised estimate for 1921-22 and the actual receipts and expenditure for 1913-14 as follows :—

	Expenditure.	Receipts.
	Rs.	Rs.
1913-14, Actuals . . .	92,52,000	5,16,79,000
1921-22, Revised Estimate .	1,59,62,000	6,41,62,000
1922-23, Budget Estimate .	1,73,65,000	6,86,03,000

2. Approximately three-quarters of the total salt required by India is produced in the country, the principal sources being the sea salt factories in Madras and Bombay,—from which about two-thirds of the whole production in India is obtained,—the Salt Range in the Punjab, the Kohat mines, the Sambhar Lake and other salt sources in Rajputana, and the salt soil brine on the lesser Runn of Cutch.

3. The total receipts from salt include the revenue derived from excise and customs duty and may be analysed as follows :—

	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
Excise duty	3,27,33,000	4,16,87,000	4,54,67,000
Customs duty	1,49,55,000	1,82,04,000	1,84,64,000
Proceeds of sale of Government salt . . .	31,53,000	44,23,000	52,28,000
Miscellaneous	8,08,000	—1,52,000	—5,56,000
TOTAL .	5,16,49,000	6,41,62,000	6,86,03,000

The increased revenue from Excise and Customs duty is mainly due to the enhancement of the rates in 1916 from Re. 1 per maund to Rs. 1-4. The duty stood at Rs. 2-8 per maund from 1888 to 1903 when it was reduced to Rs. 2. In 1905 it was further reduced to Rs. 1-8 and in 1907 to Re. 1, at which figure the duty remained until 1916.

4. The total expenditure is subdivided as shewn below :—

—	1913-14, Actuals.	1921-22, Revised Estimate.	1922-23, Budget Estimate.
	Rs.	Rs.	Rs.
Northern India . . .	13,21,813	51,42,100	59,44,000
Madras	14,76,117	24,45,000	26,63,000
Bombay	22,39,336	41,20,000	43,18,000
Bengal	3,14,935	3,00,000	3,19,000
Burma	45,639	61,000	61,000
Bihar and Orissa . . .	69,954	76,000	76,000
Assam	903	...	...
	54,68,702	1,21,44,100	1,33,81,000
Assignments and compensations .	37,71,396	36,95,900	38,77,000
Expenditure in England . .	12,000	1,22,000	1,07,000
Total .	92,52,098	1,59,62,000	1,73,65,000

We now deal seriatim with the expenditure incurred under the above heads.

Northern India.

	Rs.
1913-14, Actual Expenditure . . .	13,21,813
1921-22, Revised Estimate	51,42,100
1922-23, Budget Estimate	59,44,000

5. The Northern India Salt Revenue Department works the Government mines in the Salt Range and conducts the manufacture of brine salt at the Rajputana Salt sources which are leased from the Jodhpur and Jaipur Darbars. It also supervises the working of the Kohat quarries and the small brine works at Sultanpur.

The quantity of salt produced in 1913-14 and 1921-22, the estimated cost of production and the sale value of the salt produced were as follows :—

Year.	Quantity.	Estimated cost of production.	Value at sale price.
	maunds	Rs.	Rs.
1913-14	13,000,262	13,02.384	23,69,008
1921-22	10,514,402	20,20,198	22 39,991
1922-23 (Original estimate) . .	15,400,000	30,24,882	33,68 750

6. This table shows that, whereas in 1913-14 the receipts exceeded the cost of production, including interest charges by Rs. 10,66, 24, the estimated excess for 1922-23 was only Rs. 3,43,868. It is doubtful however, whether, the salt is really being sold at an economic price. The accounts of the Department are not prepared on a commercial basis and it is admitted that proper data are not at present available for ascertaining the actual cost of salt produced. We are informed that, in fixing the price of salt, proper provision is not made for interest on capital, depreciation or leave and pension charges and, further, that many charges are debited to "duty" which should properly be charged against the cost of salt. Particulars are not available of the total capital expended on salt works and the present practice is to include charges for interest at the rate of 4 per cent. on the known portion of the capital expended up to the 31st March 1900 and at the rate of 3½ per cent. for subsequent expenditure. These rates are obviously inadequate.

We understand that the whole question of allocation of charges is now under investigation with a view to placing the accounts on a proper footing,

and we recommend that steps be taken to introduce commercial accounts at an early date and to fix the price of salt at the level necessary to ensure a return of at least 5½ per cent. on the capital outlay.

7. The total production of salt in Northern India declined from 13,000,000 maunds in 1913-14 to 10,510,000 for 1921-22. We are informed that the output in the latter year was adversely affected by the low rainfall, which was only 9 inches compared with the average rainfall of 22 inches, and that a considerable increase in output is anticipated in the near future. The revised estimate for 1922-23 is 13,600,000 maunds and is expected that the output will be increased to 18,500,000 maunds in 1923-24.

8. The preliminary estimate for 1923-24 compares with the actual expenditure in 1913-14 and the estimate for 1922-23 as follows :—

—	1913-14, Actuals.	1922-23, Budget estimate.	1923-24, Preliminary estimate.
	Rs.	Rs.	Rs.
Pay of officers	2,38,000	3,97,900	4,14,400
Pay of establishment	2,68,900	6,32,500	5,77,200
Allowances, etc.	51,300	1,52,900	1,48,400
Supplies and services	7,35,300	31,10,900	45,41,600
Contingencies	27,500	64,600	79,700
Works	...	15,85,500	9,60,300
For rounding	...	...	—500
Total	13,21,800	59,44,300	67,21,000
Recoveries from sale of bags	...	...	—19,80,000
Net expenditure	13,21,800	59,44,300	47,41,000

This table shows that the expenditure has increased from Rs. 13,21,800 in 1913-14 to Rs. 59,44,300 required for the current year and that a reduction of Rs. 12,03,800 is proposed for 1923-24.

The cost of pay and allowances has increased from Rs. 5,58,200 to Rs. 11,40,000 due to the general revision of pay and the employment of additional staff consequent upon the development of the salt sources at Sambhar Khewra and Warcha.

The provision of Rs. 1,48,400 for allowances in 1923-24 includes Rs. 26,000 for compensation for dearness of food which the Department agrees may be deleted. The expenditure under supplies and services is made up as follows :—

	1922-23.	1923-24.
	Rs.	Rs.
Manufacture of salt and excavation charges	17,86,980	21,07,800
Purchase of bags	10,00,000	20,00,000
Through traffic charges	3,03,000	4,06,000
Other petty supplies	20,800	27,800

The increased cost of manufacture and excavation charges is due to an estimated larger output and to a special provision of Rs. 55,000 for salt tubs and a new shed at Khewra. The expenditure of Rs. 20 lakhs on bags and of Rs. 4,06,000 for " Through Traffic charges " are wholly recoverable and need not therefore be considered The provision of Rs. 27,800 for other petty supplies should, we consider, be susceptible of reduction on account of falling prices and we recommend the expenditure be limited to Rs. 21,000, saving Rs. 6,800.

The proposed provision for contingencies in 1923-24 is Rs. 15,000 in excess of the current year. Part of this increase is due to enhanced postal and telegraph charges but we are of opinion that the additional provision should be limited to Rs. 10,000, saving Rs. 5,000.

9. The proposed expenditure of Rs. 9,60,340 for Works in 1923-24 may be analysed as follows:—

Works in progress—

	Rs.
Development of salt mines at Khewra and Warcha	2,07,000
Development of salt sources at Sambhar	4,93,250
Cost of acquisition of land at Khewra	9,000
Construction of quarters for officers, subordinate staff and labourers	50,000
Petty construction and repairs	1,00,000
New Works	1,01,090
TOTAL	9,60,340

The total cost of the development and extension of the Khewra and Warcha mines is estimated at Rs. 18½ lakhs spread over 5 years and the first instalment of Rs. 4,20,700 was provided during the current year. It is estimated that this expenditure will enable the output to be increased from 400,000 to 600,000 maunds per mensem which will yield additional excise duty of Rs. 30 lakhs per annum, but we understand it will not be practicable to load and issue the full output until mechanical appliances are installed in the depôt. Under these circumstances we make no recommendation.

The provision of Rs. 4,93,250 for the development of salt sources at Sambhar is to complete a scheme for conserving the present supplies and to secure an additional average output of 4,000,000 maunds per annum. The provision for petty construction and repairs in 1922-23 was Rs. 96,100 and it is proposed to provide Rs. 1,00,000 for 1923-24. We consider that in view of the fall in prices which has taken place, the provision should not exceed Rs. 90,000, a reduction of Rs 10,000 on the preliminary estimate.

Of the total provision of Rs. 1,01,090 for new works Rs. 60,000 is for quarters for staff, the remainder being for works which are regarded as essential.

The total reductions which we recommend above amount to Rs. 47,800 on the preliminary estimate for 1923-24, making with the economies already proposed, a total reduction of Rs. 13,50,800 compared with the budget estimate for 1922-23.

MADRAS.

	Rs.
1913-14, Actuals	14,76,117
1921-22, Revised Estimate	24,45,000
1922-23, Budget Estimate	26,63,000

10. The supplies of Government salt in Madras are obtained almost entirely under "Monopoly licenses" or from holders of "modified excise licenses" and the price paid is fixed at a level which allows a liberal profit after defraying the cost of production.

The preliminary estimate for 1923-24 compare with the actual expenditure in 1913-14 and the Budget estimate for 1922-23 as follows:—

—	1913-14.	1922-23, Estimate.	1923-24, Preliminary estimate.
	Rs.	Rs.	Rs.
Excise licensees works	28,911	70,000	45,000
Establishment charges	9,08,843	14,95,000	17,47,000
Salt purchase and freight	5,29,976	10,65,000	9,84,000
Contingencies	8,387	28,000	16,000
TOTAL	14,76,117	26,58,000	25,22,000

The Government of India pay one-third of the actual expenditure incurred for salaries, establishments and contingencies by the combined Salt and Abkari

Departments of the Madras Government. We understand that the question whether the Central Government should take over the administration of salt in Madras is now under consideration and we make no recommendation.

BOMBAY.

	Rs.
1913-14, Actual Expenditure . . .	21,39,336
1921-22, Revised Estimate	41,20,000
1922-23, Budget Estimate	43,18,000

11. Two kinds of salt are manufactured in Bombay, *viz.*, "Sea Salt" and "Baragra Salt". Sea salt is manufactured under license from Government by private manufactures who either own the works or in a very few cases lease them from Government and it is also manufactured dep artmentally at two Government factories. Baragra salt is manufactured at the Pritchard Salt Works and at the Mauripur works at Sind, both of which are worked departmentally.

The preliminary estimate for 1923-24 is Rs 38,72,000, a reduction of Rs. 4,46,000 on the Budget estimate for 1922-23. The expenditure is subdivided under main heads as shown below :—

	1913-14, Actuals	1922-23, Budget.	1923-24, Estimate.
	Rs.	Rs.	Rs.
Pay of Officers . . .	1,39,400	2,36,508	2,41,920
Pay of Establishment . .	11,65,900	25,11,786	31,68,630
Allowances, etc. . . .	1,35,900	9,10,964	6,61,200
Supplies and services . .	3,3 ,900	1,31,388	2,98,340
Contingencies . . .	64,400	4,42,899	2,86,180
Works . . .	23,500	3,88,000	74,850
Salt purchase and freight .	5,53,000	13,10,000	13,62,000
TOTAL .	24,14,000	59,31,545	50,93,120
Deduct – Share of Excise and Customs Establishment, etc.	1,75,000	16,13,545	22,21,120
TOTAL .	22,39,000	43,18,000	38,72,000

12. The total cost of pay and allowances has increased from Rs. 14,41,200 in 1913-14 to Rs. 40,71,750 required for 1923-24. These figures are however not strictly comparable as in 1913-14 there was a separate staff in charge of salt and land customs whereas to-day the salt and excise establishments are amalgamated and the Central Government pay a share of the cost of the combined departments, the balance being recovered from the Bombay Government. The cost of establishment appears excessive compared with Madras where practically the same quantity of salt is produced. We understand that the Bombay Government have under consideration proposals for effecting a considerable reduction, and if this is not effected we recommend that the possibility of the Central Government taking over the administration of Salt and Customs operations be explored.

We are informed that the provision of Rs. 1,31,388 for supplies and services in 1922-23 has been largely exceeded, the revised estimate being Rs. 2,42,000. We consider that the provision for 1923-24 should not exceed this figure, a reduction of Rs. 56,000 on the preliminary estimate for that year.

The provision of Rs. 74,850 for works includes Rs. 37,650 for the amelioration of the condition of the salt workers but the expenditure is recovered in the selling price of the salt. The remaining Rs. 37,200 is for the completion of works now being executed by the Bombay, Baroda and Central India Railway at the Pritchard Salt Works and is not susceptible of reduction. The reduction of Rs. 56,000 in the preliminary estimate for 1923-24 will make a total saving of Rs. 5,02,000 compared with Budget estimate for 1922-23.

BENGAL.

	Rs.
1913-14, Actual Expenditure	3,14,935
1921-22, Revised Estimate	3,00,000
1922-23, Budget Estimate	3,19,000

13. The province of Bengal depends entirely on imported salt. The above figures include about Rs. 2 lakhs representing the Central Government's share of the combined Salt and Excise Departments fixed on the basis of the actual expenditure in 1911-12. The preliminary estimate for 1923-24 has been fixed at Rs. 2,90,000, a reduction of Rs. 29,000 and we understand that no further reduction is possible.

BIHAR AND ORISSA.

	Rs.
1913-14, Actual Expenditure	69,954
1921-22, Revised Estimate	76,000
1922-23, Budget Estimate	76,000

14. The expenditure of Rs. 76,000 represents a lump sum payment made by the Central Government on account of its share of the cost of the combined salt and excise establishment in Orissa. This contribution was fixed on the basis of the cost of the Salt department in 1916-17 and is not susceptible of reduction.

BURMA.

	Rs.
1913-14, Actual Expenditure	45,639
1921-22, Revised Estimate	61,000
1922-23, Budget Estimate	61,000

15. This expenditure represents the amount payable to the Provincial Government for the Central Government's share of the combined Salt and Excise establishment The revised estimate for the current year is Rs. 74,000 and the preliminary estimate for 1923-24 has been fixed at Rs. 63,000. We make no recommendation.

ASSIGNMENTS AND COMPENSATIONS.

	Rs.
1913-14, Actual Expenditure	37,71,376
1921-22, Revised Estimate	36,95,900
1922-23, Budget Estimate	38,77,000

16. The expenditure under this heading mainly represents payments made to Indian States under agreements or treaties which are not susceptible of reduction.

ENGLISH EXPENDITURE.

	Rs.
1913-14, Actual Expenditure	12,000
1921-22, Revised Estimate	1,22,000
1922-23, Budget Estimate	1,07,000

17. This expenditure represents leave allowances and small purchases of stores. The preliminary estimate for 1923-24 has been fixed at Rs. 84,000, a reduction of Rs. 23,000.

GENERAL.

18 The preliminary estimate for 1923-24 shows a reduction of Rs. 18,12,000 compared with the budget estimate for 1922-23 and we recommend further reductions of Rs. 1,03,000, making a total saving of Rs. 19,15,000.

CONCLUSIONS.

Having reviewed the expenditure on "Salt" we recommend that:—

(1) the accounts of the Government Salt Manufacturing Departments be compiled on a commercial basis; and

(2) the Budget estimate for 1923-24 be limited to Rs. 1,54,60,000, a reduction of Rs. 19,15,000 compared with the budget estimate for 1922-23.

OPIUM.

The estimates for 1922-23 compare with the revised estimates for 1921-22 and the actual expenditure and receipts in 1913-14 as follows :—

	Expenditure.	Receipts.
	Rs.	Rs.
1913-14, Actuals . . .	1,52,41,000	2,43,35,000
1921-22, Revised Estimates .	1,87,74,000	3,03,24,000
1922-23, Budget Estimates .	1,86,53,000	3,09,30,000

2. The expenditure is subdivided under the main heads shown below :—

Head.	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
Superintendence . . .	63,543	1,09,100	1,09,900
Opium factory . . .	4,14,745	4,61,500	5,36,500
District Staff	7,02,104	11,23,000	12,07,500
Purchase of opium and payments to cultivators . . .	1,39,32,608	1,68,28,600	1,67,57,800
Opium research laboratory . .	...	41,800	38,300
Opium compensations . .	54,000	54,000	54,000
Miscellaneous	54,000	35,000	36,000
Minor administrations . .	8,000	23,000	16,000
Deduct—Lump cut made by Assembly	...	...	—2,00,000
	1,52,29,000	1,86,76,000	1,85,56,000
Expenditure in England . .	12,000	98,000	97,000
TOTAL .	1,52,41,000	1,87,74,000	1,86,53,000

3. *Opium Factory.*—The appointment of Managing Director, costing Rs. 18,000, did not exist in 1913-14, but was introduced during the war for a special purpose, namely, to develop the production of opium alkaloids, for which at that time there was a considerable demand. We understand that this demand has now practically disappeared and we recommend that the appointment be abolished.

4. *Purchases of Opium, etc.*—The bulk of the expenditure incurred represents the cost of the opium purchased from cultivators. This expenditure has increased greatly in recent years owing to the competition of other crops as the result of high prices. Prices are now falling and we recommend that the position be carefully watched with a view to lowering the price payable to cultivators as soon as this can be done without risk of diminishing the area cultivated below actual requirements.

5. *Expenditure in England.*—This expenditure represents leave allowances and a small provision for the purchase of stores.

6. *Estimates for 1923-24.*—We understand that the provision contemplated under the opium head in 1923-24 is Rs. 1,66,73,000, a reduction of Rs. 19,80,000 on the estimate for 1922-23. This reduction is due mainly to smaller provision for the purchase of opium and payments to cultivators, though it also allows for economies of about Rs. 50,000 effected or proposed by the Department. Allowing for the abolition of the appointment of Managing Director, there will thus be a saving of approximately Rs. 20 lakhs in 1923-24.

The revenue from opium includes—

(*a*) the price paid by the Local Governments for the excise opium supplied to them and

(*b*) the proceeds of the sales of provision opium.

We are informed that the most recent estimate of the revenue in 1922-23 is Rs. 386 lakhs, an increase of about Rs. 75 lakhs over the budget estimate, and that receipts of Rs. 393 lakhs are anticipated in 1923-24.

CONCLUSION.

Having reviewed the expenditure under the opium head, we recommend that the possibility of reducing the price paid to cultivators for opium be carefully watched with a view to reduction. We are informed that there will be a reduction of about Rs. 20 lakhs in expenditure in 1923-24, and, in view of the importance of safeguarding this important source of revenue, we recommend no further reduction.

LAND REVENUE.

The total estimates for expenditure and receipts in 1922-23 compare with the revised estimates for 1921-22 and the actual expenditure and receipts in 1913-14 as follows :—

	Expenditure.	Receipts.
	Rs.	Rs.
1913-14, Actuals . . .	11,94,000	41,94,000
1921-22, Revised Estimate . .	15,14,000	36,66,000
1922-23, Budget Estimate . .	15,64,000	43,93,000

Under the Reforms Scheme, Land Revenue is an entirely provincial head and the above figures for expenditure relate solely to certain survey expenditure and to expenditure in the minor administrations directly under the control of the Central Government.

2. The figures may be analysed as follows :—

—	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
Survey expenditure . . .	1,11,000	1,62,000	1,48,000
N.-W. F. Province . . .	4,97,000	4,85,000	5,26,000
Baluchistan	2,45 000	3,38,000	3,61,000
Delhi	47,000	77,750	71,950
Coorg	1,24,000	2,04,010	2,11,280
Ajmer-Merwara . . .	1,15,000	1,74,800	1,71,670
Other minor administrations .	30,000	41,440	44,100
	11,69,000	14,83,000	15,34,000
Expenditure in England (Rs. 15 =£1) . . .	25,000	31,000	30,000
Total .	11,94,000	15,14,000	15,64,000

We deal seriatim with the main heads under which the account is set out.

Survey Expenditure.

	Rs.
1913-14, Actual Expenditure . . .	1,11,000
1921-22, Revised Estimate	1,62,000
1922-23, Budget Estimate	1,48,000

3. This expenditure represents a book adjustment in respect of a proportion of the headquarters charges of the Survey of India. It is proposed to relieve the Land Revenue estimates of this debit in future years, and, though the amount will be included in the Survey of India Budget, there will be a reduction of Rs. 1,48,000 in the Land Revenue estimates.

North-West Frontier Province.

	Expenditure.	Receipts.
	Rs.	Rs.
1913-14, Actuals	4,97,000	20,80,000
1921-22, Revised Estimates . .	4,85,000	16,07,000
1922-23, Budget Estimates . .	5,26,000	22,45,000

4. There has been a re-classification of expenditure since 1913-14, and the above figures are therefore not strictly comparable. So far as we can ascertain the approximate expenditure in 1913-14, corresponding to the figures shown for the later years was Rs. 2,38,000 only. We are informed that the local Retrenchment Committee, appointed to examine the expenditure in this province, have recommended a reduction in establishment involving an annual saving of Rs. 1,04,000 and that their recommendations have been accepted by the Chief Commissioner. In addition, the following reductions on the current year's estimates should be effected in 1923-24:—

	Rs.
Abolition of temporary establishment, Kohat, about	2,000
Survey expenditure unspent from the current year's budget about	30,000
Field allowances, over-estimated in the current year's budget	21,000
Concessions to Patwaris, surrendered in the current year	11,000
Total	64,000

The total savings indicated thus amount to Rs. 1,68,000 and we consider that the estimate for 1923-24 should not exceed Rs. 3,58,000.

BALUCHISTAN.

	Expenditure.	Receipts.
	Rs.	Rs.
1913-14, Actuals	2,45,000	10,37,000
1921-22, Revised Estimates	3,38,000	9,04,000
1922-23, Budget Estimates	3,61,000	9,87,000

5. The local Retrenchment Committee appointed to investigate expenditure in Baluchistan have recommended reductions of establishment saving Rs. 25,000, including Rs. 10,000 in travelling allowances to tahsildars. We understand that a further reduction in travelling allowances and other contingent expenditure will result from more settled conditions on the border, and therefore recommend that the estimate for next year should not exceed Rs. 3,30,000, a reduction of Rs. 31,000.

DELHI.

	Expenditure.	Receipts.
	Rs.	Rs.
1913-14, Actuals	47,000	3,53,000
1921-22, Revised Estimates	77,750	3,58,000
1922-23, Budget Estimates	71,950	3,56,850

6. The increase in expenditure since 1913-14 is almost entirely due to revision of pay of the establishment on the Punjab basis and, apart from the reduction of Rs. 2,000 proposed by the Local Administration, we make no recommendation.

COORG.

	Expenditure.	Receipts.
	Rs.	Rs.
1913-14, Actuals	1,24,000	3,60,000
1921-22, Revised Estimates	2,04,000	3,74,600
1922-23, Budget Estimates	2,11,280	3,79,350

7. As the result of a special investigation made into expenditure in Coorg, economies of Rs. 47,000 have been indicated. We consider that effect should be given to these recommendations in 1923-24 and the estimate reduced to Rs. 1,64,000.

AJMER-MERWARA.

	Expenditure.	Receipts.
	Rs.	Rs.
1913-14, Actuals	1,15,000	3,05,000
1921-22, Revised Estimates	1,74,800	3,72,850
1922-23, Budget Estimates	1,71,670	3,77,200

8. The increase in expenditure since 1913-14 is almost entirely due to a revision of pay. The Chief Commissioner proposes a reduction of establishment saving about Rs. 13,000, of which about Rs. 1,600 falls under the Land Revenue head, and we do not recommend any further reduction for 1923-24.

OTHER MINOR ADMINISTRATIONS AND EXPENDITURE IN ENGLAND.

	Other minor administrations.	England.
	Rs.	Rs.
1913-14, Actuals	30,000	25,000
1921-22, Revised Estimates . .	41,440	31,000
1922-23, Budget Estimates . .	44,100	30,000

9. The increased expenditure under other minor administrations is due to revision of pay. The expenditure in England represents leave allowances.

CONCLUSION.

We are of opinion that the Budget Estimate for Land Revenue in 1923-24 should not exceed Rs. 11,67,000 excluding expenditure transferred to the Survey of India estimates, thereby effecting a net saving of Rs. 2,49,600 apart from any reduction made under the head of survey expenditure.

EXCISE.

The total estimates for expenditure and receipts in 1922-23 compare with the revised estimates for 1921-22 and the actual expenditure and receipts in 1913-14 as follows :—

	Expenditure.	Receipts.
	Rs.	Rs.
1913-14, Actuals	1,37,000	25,49,000
1921-22, Revised Estimate . .	2,52,000	55,81,000
1922-23, Budget Estimate . .	2,84,000	56,22,000

Under the Reforms Scheme Excise is a provincial subject in all the Major Provinces, and the above figures relate solely to the minor administrations under the direct control of the Central Government.

2. Of the increase of Rs. 1,47,000 since 1913-14, Rs. 38,000 is on account of excise compensation to the Indore Durbar, under an agreement by which a zone of 3 miles round the Mhow Cantonment is kept free of State liquor shops, and Rs. 18,000 for the purchase of opium, direct issues being now made on payment to licensed vendors in the Mhow and Neemuch cantonments. The balance of Rs. 91,000 mainly represents increases in pay of establishments. Small reductions in staff are now being made in the North-West Frontier Province and Coorg saving Rs. 6,000 and Rs. 6,828 respectively.

3. The revenue has risen from Rs. 25,49,000 in 1913-14 to Rs. 56,22,000, an increase of Rs. 30,73,000. The proportion of expenditure to revenue has thus fallen from 5·4 per cent. in 1913-14 to 5·0 per cent. at the present time. It has been brought to our notice that there is a considerable loss of revenue to the Central Government owing to the North-West Frontier Province and Delhi drawing their supplies of country spirit from Major Provinces which retain the still-head duty on the liquor so supplied. We think that endeavour should be made to come to some equitable arrangement with the supplying Provinces, or, alternatively, that the possibility should be considered of manufacturing the necessary supplies of country spirit in an area under the administration of the Central Government. It is estimated that an arrangement of this kind would ultimately yield an additional revenue to the Central Government of about Rs. 10 lakhs.

CONCLUSION.

The reduction of Rs. 13,000 already accepted will reduce the expenditure for 1923-24 to Rs. 2,71,000 and, having regard to the importance of maintaining the revenue, we do not recommend any further reduction.

STAMPS.

The estimates of net expenditure and of revenue in 1922-23, including a supplement grant of Rs. 1,17,000, compare with the revised estimates for 1921-22 and the actual net expenditure and revenue for 1913-14 as follows:—

	Net expenditure.	Revenue.
	Rs.	Rs.
1913-14, Actuals . . .	1,68,000	14,93,000
1921-22, Revised Estimate .	24,99,000	24,27,000
1922-23, Budget Estimate .	22,73,000	24,29,000

2. The net expenditure represents the difference between the gross expenditure (*i.e.*, the cost of the supply and sale of stamps in India together with the expenditure incurred in England on the purchase of stocks of stamps) and the recoveries made from Provincial Governments and the Posts and Telegraphs Department for stamps issued to them. The figures are calculated as follows:—

——	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
Charges in India . . .	2,86,000	4,12,000	3,49,000
Add—Supplementary grant voted by Assembly	...	...	1,17,000
Expenditure in England on stores (Rs. 15 =£1) . . .	15,98,000	53,85,000	29,10,000
Gross expenditure . . .	18,84,000	57,97,000	33,76,000
Deduct—Recoveries for stocks issued	17,16,000	32,98,000	11,03,000
TOTAL .	1,68,000	24,99,000	22,73,000

3. The operations of the Calcutta Stamp Department include (1) the provision of stamp stocks of every description for the whole of India by indent on the Director General of Stores; (2) the main storage of stamps and detailed distribution to indenting offices in Bengal, Bihar and Orissa, Assam and the United Provinces and (copying stamps and forest stamps only) in the Central Provinces and Berar; (3) the provision of overprinted postage stamps and their supply to such Indian States as have joined the Postal Convention; (4) the provision of overprinted court-fee and copying stamps and plain paper for the Indian States in Bihar and Orissa and the Central Provinces; (5) arrangements for the manufacture and storage of (*a*) service postcards and (*b*) stamp booklets of various values of postage stamps and their issue to other Central Depôts and to the treasuries and sub-treasuries indenting upon this Store; (6) the provision of water-marked paper for use with court-fee stamps and its supply to all treasuries within the circle of supply of this depôt as well as to the Punjab and North-West Frontier which are for other purposes in the Karachi depôt's circle of supply; (7) the stocking and issue of clipping punches for the cancellation of stamps and (8) embossing cheque and receipts forms, share certificates, etc., for Government and the public.

In addition to this regular work the Calcutta depôt has in recent years undertaken the arrangements for the local manufacture and distribution of postcards and the over-printing of the postal stationery.

4. With the exception of the comparatively small supplies issued to the minor administrations directly under the Government of India, the cost of the above operations is recoverable and there is no *primâ facie* justification for the great increase in net expenditure, the estimates of which amounted in 1921-22 to nearly 15 times, and in 1922-23 to 13½ times, the pre-war figure. We proceed to deal seriatim with the causes of this increase.

5. *Expenditure in India*—

This is distributed as follows :—

——	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
Superintendence (Stamp Depôt) .	79,000	95,000	1,08,000
Purchase of plain paper for use with adhesive labels . .	1,64,000	2,60,000	3,00,000
Charges in minor administrations .	43,000	57,000	58,000
TOTAL .	2,86,000	4,12,000	4,66,000

The salary of the Controller of Printing, Stationery and Stamps is debited to the head 46—*Stationery* and *Printing*, and the only establishment charges included in the figures for Superintendence in the above table are the pay of store-keepers, clerks and menials amounting to Rs. 54,710. The remaining expenditure under this sub-head includes landing, freight, and packing charges and contingencies, which depend on the volume of business transacted.

6. The lump cut of Rs. 1,17,000 made by the Legislative Assembly in the estimates for 1922-23 was deducted from the provision for the purchase of plain paper but this provision was subsequently restored to Rs. 3,00,000 by a supplementary grant and we understand that it has recently been found necessary to apply for a further grant of Rs. 1,00,000. It will probably be necessary to provide Rs. 4,00,000 on this account in the budget for 1923-24, but practically the whole of the expenditure should be recovered, as only a small proportion of the stock is issued to minor administrations, and the bulk of it is taken by local Governments, who are charged 5 per cent. over cost price to cover overhead charges and incidental expenses.

7. The charges under minor administrations are mainly incurred in the North-West Frontier Province and Delhi and are distributed as follows :—

——	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
North-West Frontier Province .	27,000	32,000	32,000
Delhi	7,000	12,200	12,000
Other minor administrations .	9,000	12,800	14,000
TOTAL .	43,000	57,000	58,000

The greater part of this expenditure is accounted for by the discount allowed to vendors on the sales of stamps, and the outlay is small in comparison with receipts, which are shown below :—

——	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
North-West Frontier Province .	6,55,000	9,82,000	9,82,000
Delhi	3,00,000	6,91,900	7,11,540
Other minor administrations .	5,38,000	7,53,100	7,35,460
TOTAL .	14,93,000	24,27,000	24,29,000

We think it would be advisable to debit the minor administrations with the cost of all stamps, plain paper, etc., supplied to them on the same basis on which recoveries are made from Provincial Governments. It would then be easier to check the financial results of the central depôt which should be entirely self-supporting.

8. *Expenditure in England—*

	Rs.
1913-14, Actual Expenditure	15,98,000
1921-22, Revised Estimate	53,85,000
1922-23, Budget Estimate	29,10,000

This expenditure is incurred on stamps, etc., supplied by the manufacturers, Messrs. De la Rue & Co. The contract with this firm expires on the 31st December 1924, but is subject to renewal. We are informed that the question whether it will be possible and economical thereafter to manufacture stamps in India, either departmentally or by contract, is under investigation. We understand that there are technical difficulties in the way of printing adhesive stamps in India, but that the printing of postcards is a simpler process. As the latter form one of the largest items in the annual indent, take up a very large space in store, and account for the greater portion of the freight charges, there would appear to be many advantages in getting postcards at any rate printed in India.

9. Under the present contract the price to be paid for the various stamps, etc., is regulated by a schedule on a sliding scale whereby the rate decreases with the quantity supplied. In 1917, owing to the general rise in prices, Messrs. De la Rue & Co. asked for some modifications of the terms of the contract and it was agreed at the India Office that the increase in the cost of paper, less £1,000, should be borne by the Government of India, other increases in costs—labour, etc., being entirely at the charge of the firm. This arrangement was maintained till 1st January 1919 when it was agreed to make a further allowance—to be settled quarterly—for increased cost of labour, etc. We understand that these extra payments have hitherto been equivalent to an increase of 57 per cent. over the original rates in the schedule. We are informed that as a result of the recent fall in the price of paper and in the cost of labour, etc., these allowances are now showing a considerable reduction. There should also be a material reduction on account of the freight charges, which we understand are paid in England. The result will not, however, be any material reduction in the net expenditure under this head, as the greater part of this outlay is recoverable.

10. A large reduction was made in the estimates for 1922-23 both in expenditure in England and in recoveries because it was intended to transfer to the provincial accounts the charges incurred by the High Commissioner in complying with indents of Provincial Governments for stamps from England. These indents are consolidated in the central office at Calcutta in order to obtain the benefit of the sliding scale provided in the contract with Messrs. De la Rue & Co. for large orders, and we understand that the High Commissioner has not found it possible to extract from the consolidated indent the amounts debitable to the various Provincial Governments and that it has consequently been decided to revert to the previous practice of passing all these transactions through the accounts of the Central Government. We do not think that the difficulty of splitting up the indent is insuperable and we recommend that this decision be reconsidered. It will be evident from what we say below that the full amounts due from Provincial Governments have not been recovered in the past and we think it desirable to obviate the risk of such errors in the future by charging all provincial expenditure direct to the provincial accounts in England.

11. A saving can, we think, be secured in 1923-24 by reducing some of the stocks held in the central depôt. Under the present arrangements a two years' supply of postage stamps is kept and $1\frac{1}{2}$ years is allowed for compliance with indents. Consequently the indenting officer bases his demands on the estimated requirements of $3\frac{1}{2}$ years. An officer on special duty who has recently examined this question has recommended that the stock of postage stamps be reduced to $1\frac{1}{2}$ years' consumption, and that the period allowed for obtaining supplies on indent be reduced to one year. We understand that these proposals have been accepted and that a saving of Rs. 2,77,000 will consequently be effected in the Home Indent for postage stamps and postal stationery in 1923-24. We recommend that a similar investigation be made

regarding the possibility of reducing the present stocks of other classes of stamps (court-fee, non-judicial, etc.), and that, in anticipation of a further saving on this account, a reduction of Rs. 1,23,000 or Rs. 4,00,000 in all, be made in the budget for 1923-24.

12. *Recoveries.*—These are distributed as follows :—

——	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
Recoveries from Provincial Governments on account of stamps supplied from the central depôt .	8,67,000.	23,00,000	1,02,000
Recoveries from the Posts and Telegraphs Department on account of postage stamps, issued for Postal, Telegraph and Revenue purposes . . .	8,49,000	9,98,000	10,01,000.
TOTAL .	17,16,000	32,98,000	11,03,000

The large excess of expenditure over recoveries in the last two years has attracted our attention, and we have endeavoured to ascertain the causes of the deficit. We have not been able in the time available to obtain all the information required, but the following facts account in large measure for the shortage in recoveries :—

(*i*) Owing to changes in postal rates and postage stamps it has been necessary to lay in new stocks far in excess of the year's supply to the post office. We understand that this factor will not operate next year.

(*ii*) By some mistake, of which we have not been able to obtain an explanation, no provision has been made for recoveries on account of stamps supplied to Bengal and the other Provincial Governments that draw on the central depôt. The sum of Rs. 1,02,000 entered in the budget relates only to supplies of plain paper.

(*iii*) By a further mistake in the accounts office provision was made for recoveries on account of plain paper from a few Provincial Governments only. The actual recoveries should not fall far short of the outgoings, *viz.*, Rs. 4 lakhs (*vide* paragraph 6 above).

(*iv*) The charges raised against Provincial Governments and the Posts and Telegraphs Department for stamps obtained from England have hitherto been based on the contractors' schedule rates *plus* freight, and no addition has been made for the extra allowances described in paragraph 9 above, although these had risen as high as 57 per cent. We are informed that the Government of India received no intimation from the India Office of the grant of these allowances till June 1921, and that recoveries have since been delayed by discussions with Provincial Governments regarding the date from which the short payments should be made good. We recommend that recovery be made from Provincial Governments from the date on which stamps became a provincial subject under the Reforms Scheme, but we see no advantage in raising an arrear debit against the Posts and Telegraphs Department. In future the full expenditure incurred should, we think, be recovered in all cases.

(*v*) We understand that up to the end of 1921-22 English expenditure was converted at Rs. 10 = £1 in making recoveries both from Provincial Governments and from the Posts and Telegraphs Department, and there must have been a large loss on exchange in that year. We recommend that a claim be raised against Provincial Governments on this account also. We are informed that, with effect from the present year, recoveries will be effected at the average rate of exchange prevailing during the year.

(*vi*) We understand that the railway freight on consignments of stamps supplied from the Calcutta depôt to treasuries in Bengal is paid by the depôt,

and not recovered. We consider that this charge should be met by the Provincial Government.

13. The failure to effect full recoveries from Provincial Governments appears to be due to a want of co-ordination between the Stamp Office and the Accounts Department, and we recommend that the existing arrangements be reviewed. If, as we have recommended in paragraph 10 above, Provincial Governments are charged direct with the expenditure incurred on their behalf in England, the margin of error will be greatly reduced, and the Controller should, we consider, be made responsible for recovering the cost of all supplies issued from the central depôt.

14. We consider that the overhead charges of the depôt should be recovered from the Provincial Governments, Minor Administrations and the Posts and Telegraphs Department to which it supplies stamps, and we understand that it has been decided :—

(*i*) to add 16 per cent. on this account to the prime cost of all stamps supplied, other than postage stamps, to cover the cost of freight, insurance, etc., and the establishment and other charges incurred in India ;

(*ii*) to recover from the Posts and Telegraphs Department the cost of that portion of the establishment of the Stamp Office and the Stamp Store which deals with postage stamps and postage stationery and also a proportionate share of the cost of menials and contingencies ; and

(*iii*) to ask the Government of Bengal to meet the establishment and other charges incurred in embossing stamps for that Government.

15. If the central depôt is, as we recommend, placed on a self-supporting basis, the recoveries in a normal year should not be less than the outgoings of the depôt and might slightly exceed them on account of (*a*) the profit made on the sale of plain paper, and (*b*) the fact that one item in the overhead charges, *viz.*, a share of the salary of the Controller, is debited to another head. We see no reason why all the expenditure to be incurred in 1923-24 both in England and India should not be recovered, excepting the charges of minor administrations. These charges, which are estimated at Rs. 68,000, will be raised to (say) Rs. 1,23,000 if the cost of issues is added, but this expenditure will be more than covered by the saving of Rs. 4,00,000 on account of the reduction in stocks recommended in paragraph 11 above. The gross saving of Rs. 25,50,000 thus obtained will be due in part to the transfer of expenditure to the Posts and Telegraphs Department, the amount of which it is difficult to estimate on account of the varying nature of the allowances made to Messrs. De la Rue & Co. After allowing Rs. 3,50,000 for this transfer (which will he set off in the estimates of the Posts and Telegraphs Department by the fall in the cost of st Stationery and Printing for which no specific allowance was made) we consider that the net reduction of central expenditure in 1923-24 should be not less than Rs. 22 lakhs as shewn in the following table :—

		Rs.
Present expenditure (Budget Estimate, 1922-23)		22,73,000
Future expenditure (minor administrations)	1,23,000	—4,73,000
Additional charges to Posts and Telegraphs Department	3,50,000	
Net annual saving		18,00,000
Add—Saving from reduction of stocks in 1923-24		4,00,000
Total saving in 1923-24		22,00,000

16. The above proposals have been discussed with a representative of the Commerce Department, and we understand that Department is already taking

up many of the points raised, and agrees in our conclusions, which are summarised below.

CONCLUSIONS.

Having reviewed the expenditure on Stamps we recommend that:—

(1) the Minor Administrations be debited with the cost of all stamps, plain paper, etc., supplied to them;

(2) expenditure incurred in England on indents from provincial depôts be charged direct to the Provincial Accounts;

(3) the reserve stocks of stamps in the Calcutta depôt be reduced with a view to effecting a saving of Rs. 4,00,000 in 1923-24;

(4) the whole of the expenditure, including overhead charges incurred by the central depôt be recovered and the depôt be made self-supporting, the Controller being responsible for effecting recoveries;

(5) the provision for net expenditure on stamps be reduced in 1923-24 by Rs. 25,50,000 which, after allowing for an increased debit of Rs. 3,50,000 to the Posts and Telegraphs Department, will leave a net saving of Rs. 22 lakhs in 1923-24, and Rs. 18 lakhs in future years.

FORESTS.

The estimate of expenditure and revenue in 1922-23 compare with the revised estimate for 1921-22 and the actual expenditure and revenue in 1913-14 as follows :—

	Expenditure.	Revenue.
	Rs.	Rs.
1913-14, Actuals . .	11,42,000	11,11,000
1921-22, Revised Estimate .	46,63,000	13,73,000
1922-23, Budget Estimate .	52,45,000	21,68,000

2. The bulk of the revenue from forests in India accrues in the major provinces where it is credited to provincial revenues. The Government of India are, however, in possession of very valuable forest property in some of the minor administrations, namely, the North-West Frontier Province, Coorg and the Andamans, and in recent years large sums have been spent on the exploitation of these forests. We have found it impossible to obtain any satisfactory information in regard either to the working or to the financial results of the forest operations. No reliable information is apparently available as to the quantity or values of timber produced and sold or the stock on hand. There are wide differences between the estimates of the Forest Department and the budget estimates of revenue and expenditure even in the case of the revised estimates for the current year. In these circumstances it is obviously impossible for us to make any detailed examination of the expenditure, and we confine our observations mainly to the steps which we consider should be taken to place the Department upon a proper footing. So far as we can ascertain the Forest Department has earned a high reputation for the management and development of the forests on technical lines, but we consider it essential that the forests should be managed on commercial lines and that a radical change in the methods of administration should be effected forthwith.

3. We are of opinion that the control of the Forest Department should be vested in a manager with commercial experience in the timber industry assisted by the necessary technical experts. It appears that, in 1921-22, 74,000 tons of timber with a value of Rs. 112 lakhs were imported into India, compared with an export of 20,000 tons with a value of Rs. 50 lakhs, and in our opinion steps should be taken to develop the output of the particular classes of timber which are required by Indian Railways and Indian Industries. The accounts of the department should also be placed on a commercial basis.

4. The following table shows the distribution of the expenditure :—

—	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
Headquarters charges	95,000	1,56,400	1,72,900
Forest Survey	38,000	1,03,500	1,30,000
Forest Research Institute	2,98,000	6,43,100	8,86,100
North-West Frontier Province	1,31,300	6,77,000	7,50,000
Coorg	1,78,500	5,67,130	5,43,050
Andamans	2,75,000	14,24,800	14,01,500
Other Minor Administrations	53,200	1,07,070	1,07,450
Expenditure in England at Rs. 15=£1.	73,000	9,84,000	12,54,000
Total	11,42,000	46,63,000	52,45,000

5. *Headquarters charges.*—In view of the re-organisation which we have suggested, we do not consider that the present headquarters charges should be exceeded.

6. *Forest Survey.*—As stated in paragraph 11 of our report on the Scientific Departments we are informed that it is proposed to transfer this item to the Survey of India involving a reduction of Rs. 1,30,000 under the Forest head.

7. *Forest Research Institute.*—The activities of this Institute are two-fold, firstly, research, and secondly, the training of recruits for the forest services in India. We are informed that, on the educational side, the Institute is very largely self-supporting and in any case the development of this side of the activities of the Institute is, in our opinion, desirable. As regards research a very costly scheme has been elaborated, the expenditure involved under the building programme alone amounting to no less than Rs. 1½ crores. It has been brought to our notice that the extended activities proposed for the Institute include certain investigations which would more appropriately be left to private enterprise, and we consider that in any case it is not justifiable, in the present financial situation, to incur expenditure from public funds on research on this scale. We recommend that the whole scheme for the expansion of the Institute be reconsidered and that no further expenditure thereon be incurred beyond such amount as is obligatory in view of existing commitments. The establishment proposed for the Institute should also be reviewed and we recommend that for the next three years it be limited to Rs. 8 lakhs, saving Rs. 86,000.

8. *Minor Administrations.*—The following table compares the revenue and the expenditure in the North-West Frontier Province, Coorg and the Andamans :—

—	North-West Frontier Province.		Coorg.		Andamans.	
	Expenditure.	Revenue.	Expenditure.	Revenue.	Expenditure.	Revenue.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1913-14, Actuals	1,31,300	2,66,000	1,78,500	3,29 000	2,75,000	4,46,000
1921-22, Revised Estimate	6,77,700	4,00 000	5,67,130	4,82,000	14,24,800	3,69,800
1922-23, Budget Estimate	7,50,000	8,00,000	5,43,050	5,64,000	14,01,500	5,42,000

In the North-West Frontier Province the concurrent increase in revenue and expenditure is due to the adoption of the system of departmental exploitation. The Inspector General informed us that the deficit assumed in the budget was due to the fact that the estimates included provision for a considerable amount of capital expenditure, thus in the Andamans Rs. 12 lakhs had been spent on a new saw mill, and in Coorg Rs. 7 lakhs on a railway; these works had now

been finished and the Forest Department was in a position to obtain a return. It was further stated that the relative set back is due to the unfavourable state of the timber market.

As we have already explained, it is impossible on the information before us to examine the expenditure in detail. We understand, however, that the preliminary estimate for 1923-24 approximates closely to the budget estimate for 1922-23 and we make no recommendation.

9. *Expenditure in England.*—We understand that the preliminary estimate for 1923-24 is £44,300 equal to Rs. 6,64,500, a reduction of Rs. 5,90,000 on the current year's estimate, which included a large amount of machinery and plant. We understand the appointment of Director of Forest Studies on a pay of £900 is on a temporary basis ; we see no necessity for its retention and recommend that it be abolished, saving Rs. 13,500.

CONCLUSIONS.

Having reviewed the expenditure on Forests, we recommend that—

(1) control of the Forest Department be vested in a manager with commercial experience in the timber industry ;

(2) the accounts of the Department be placed on a commercial basis ; and

(3) the estimates for 1923-24 be limited to Rs. 45,55,000, saving Rs. 6,90,000.

REGISTRATION.

The estimates for 1922-23 compare with the revised estimate for 1921-22 and the actual expenditure and receipts in 1913-14 as follows :—

	Expenditure.	Receipts.
	Rs.	Rs.
1913-14, Actuals	27,000	96,000
1921-22, Revised Estimate . .	47,000	1,72,000
1922-23, Budget Estimate . .	48,000	1,68,000

Under the Reforms Scheme Registration is a provincial subject in all the Major Provinces and the above figures relate solely to the minor administrations under the control of the Central Government.

Small economies are being effected in some of the administrations amounting to about Rs. 4,000 in all and we recommend that the budget for 1923-24 should be fixed at Rs. 44,000.

PART VIII.

OTHER DEPARTMENTS AND SERVICES.

INTEREST AND SINKING FUNDS.

The estimate for 1922-23 compares with the revised estimate for 1921-22 and the actual payments and receipts in 1913-14 as follows :—

	Payments.	Receipts.
	Rs.	Rs.
1913-14, Actuals . .	15,18,54,000	1,14,36,000
1921-22, Revised Estimate .	34,72,14,000	1,16,78,000
1922-23, Budget Estimate .	37,91,84,000	85,82,000

2. The expenditure is distributed as follows :—

Head to which chargeable.	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
Railways	10,95,47,000	15,33,47,000	16,77,95,000
Irrigation	6,51,000	9,39,000	9,51,000
Posts and Telegraphs . .	...	60,00,000	66,00,000
Provincial Governments .	2,22,17,000	2,65,32,000	2,99,73,000
Unproductive ordinary debt .	76,01,000	11,13,25,000	11,86,02,000
Interest on other obligations .	1,18,38,000	2,61,71,000	3,23,63,000
Sinking Funds . . .	...	2,29,00,000	2,29,00,000
Total	15,18,54,000	34,72,14,000	37,91,84,000
Total unproductive debt (last three items) .	1,94,39,000	16,03,96,000	17,38,65,000

3. *Interest charged to Provincial Governments.*—This relates to (*a*) that portion of the debt which was incurred for the construction of irrigation works which have been transferred to the provinces under the Reform Scheme, the amounts recoverable in 1922-23 being Rs. 2,14,97,000, and (*b*) other advances and loans to Local Governments, interest on which was estimated at Rs. 84,76,000.

4. *Interest on other obligations.*—The nature of these obligations and the amount of interest payments in respect of them will be seen from the following statement :—

	Interest payments.	
	1913-14.	1922-23.
	Rs.	Rs.
Post Office Savings Bank Deposits .	61,90,957	67,27,000
Post Office Cash Certificates . .	...	71,00,000
Provident Funds	22,04,369	1,59,85,000
Other Funds	34,43,059	25,51,000
Total .	1,18,38,385	3,23,63,000

5. *Sinking Funds.*—This head includes (*a*) an annual provision of £500,000 in respect of the portion of the British Government's war loan taken over by India in connection with her contribution to the war, and (*b*) Rs. 154 lakhs for the two 5 per cent. long term loans floated in India in 1917 and 1919. When these loans were raised an undertaking was given by Government that, in order to keep up their price in the market, an amount equivalent to 1½ per cent. of the original issue of the loans would be set apart every year for the purchase and cancellation of securities belonging to the loans. It was found

that this depreciation fund had no appreciable effect in keeping up the price, and it was decided in March 1920 to supplement it by a further appropriation of Rs. 80 lakhs a year to be devoted to the same purpose. We recommend that the purchases for the sinking funds be made periodically by open tender.

6. The large increase in the interest payable on unproductive debt is due to two main causes (1) the £100 million contribution made by India towards the cost of war, and (2) the series of deficits from the year 1918-19 onwards amounting, including the estimated deficit in the current year, to over Rs. 100 crores.

CONCLUSION.

We deal further with this question in our general conclusions but it is apparent that the heavy increase in the deadweight charges for unproductive debt must form a great burden on the taxpayer. We have already observed in our report on Railway expenditure that further capital outlay on the huge scale contemplated on railways that are being worked at a serious loss to the State can only be justified if it can be satisfactorily shown that the net earnings of the railways to which it is applied will be increased sufficiently to cover the additional interest charge.

CURRENCY.

	Rs.
1913-14, Actual Expenditure . . .	35,64,000
1921-22, Revised Estimate	92,28,000
1922-23, Budget Estimate	80,82,000

This expenditure is distributed as follows:—

—	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
INDIA	17,44,000	29,26,000	31,27,000
ENGLAND AT Rs. 15=£ . .	18,20,000	63,02 000	49,55,000
TOTAL .	35,64,000	92,28,000	80,82,000

2. *Expenditure in India.*—The major portion of this expenditure is on account of the cost of the currency offices and the remittance of treasure, but the budget for 1922-23 also includes an item of Rs. 2 lakhs for loss by exchange in connection with the Persian Consulates.

The growth in the cost of administration is partly due to the revisions of the pay of establishments and partly to the growth of the note circulation. The following statement gives particulars of the numbers of notes issued from stock (excluding reissues) and cancelled at the Currency Offices in 1913-14 and 1921-22 :—

DENOMINATION OF NOTE.	ISSUES (NUMBER OF PIECES EXCLUDING REISSUES).		CANCELLATIONS (NUMBER OF PIECES).	
	1913-14.	1921-22.	1913-14.	1921-22.
Rs.				
1	...	236,477,000	...	194,336,000
2½	...	2,369,000	...	3,939,000
5	5,470,000	47,790,000	5,284,000	37,109,000
10	23,991,000	56,687,000	23,486,000	44,599,000
50	946,000	1,632,000	786,000	1,394,000
100	5,643,000	12,321,000	5,586,000	10,517,000
500	216,000	197,000	213,000	196,000
1,000	719,000	597,000	689,000	625,000
10,000	87,000	84,000	82,000	85,000
TOTAL .	37,072,000	358,154,000	36,126,000	292,800,000

It will be seen that the introduction of the one-rupee note has resulted in a very large increase in the number of notes handled, though this addition to the work of the Currency Offices has to some extent been set off by the abolition of the system of registration for the five-rupee and ten-rupee notes.

3. We are informed that scales have been laid down after careful enquiry for the different kinds of work in the Currency Offices, and that these scales are in practice applied in three ways:—

(1) A complete record is maintained in each Currency Office of the work done in the different sections and monthly reports are submitted to the Deputy Controller of the Currency who is responsible for seeing that the standard scales are worked up to and that work is kept up to date.

(2) Any revision of permanent establishment is based on the average daily statistics of work and the standard scales of work.

(3) Temporary establishments are entertained in every office in order to cope with temporary increases of work and these are similarly based on the sanctioned scales.

We understand that the preliminary estimate for 1923-24 shows a reduction of Rs. 1,33,000 mainly owing to a reduction of the provision required for loss by exchange in connection with the Persian Consulates.

4. *Expenditure in England.*—Apart from a small provision for leave allowances, this represents the cost of paper and of the manufacture of note forms by the Bank of England. We are informed that an officer has been placed on special duty to enquire whether the manufacture of currency notes cannot be carried out economically in India. Meanwhile, though some saving can be anticipated from the fall in the cost of paper, we understand that this will be more than set off by the increase in the number of notes required.

5. We reproduce as Appendix A an extract from a note by the Controller of the Currency regarding the relative cost of the silver rupee and the one-rupee note, from which it would appear that it is more economical to use silver rupees than paper rupees. The one-rupee note was introduced as a war measure. Generally speaking, no solvent country, so far as we know, issues a note of such a small denomination as one rupee, and we think that if, as appears to be the case, a saving would accrue from the discontinuance of the one-rupee note, the issue of these notes should be abandoned.

CONCLUSION.

A saving of Rs. 1,33,000 is anticipated in the expenditure in India in 1923-24, but we understand that this will be set off by increased expenditure on note forms in England. We consider that if, as appears to be the case, a saving would accrue from the discontinuance of the one-rupee note, the issue of these notes should be abandoned.

APPENDIX A.

Extract from a note by the Controller of the Currency on the relative cost of the silver rupee and the one rupee note.

Enquiry from the Mints shows that as a result of experiments carried out by four Mint Masters, the average abrasion in a rupee works out approximately at 1·5 per cent. in 50 years (Major Stace gives the figure of 2 per cent. in 55 years), and the actual minting costs (excluding seigniorage are reported by Colonel McCormick as Rs. 10 per 1,000, *i.e.*, 1 per cent. and by Major Stace as Rs. 9 per 1,000, *i.e.*, 0·9 per cent.

2. I have re-calculated the profit on coinage of rupees, substituting 1·5 per cent. in 50 years as the loss by abrasion and 1 per cent. as minting costs. The result gives the total cost of a rupee as Re. 0 8358 and the assumed annual profit as Re. 0·0082 as compared with the India Office figures of Re. 0·8474 and Re. 0·00763 respectively.

3. The calculation, however, necessarily makes other assumptions :—

(1) price of silver as 35*d.* per st. oz.,

(2) exchange value of rupee 16*d.*,

(3) average rate of interest 5 per cent.

and

(4) that whole of Gold Standard Reserve is invested, as at present.

An alteration in any one of these assumptions will of course affect the results. The lower the price of silver or the higher the exchange value assumed for the rupee, the greater will be the profit, *e.g.*, if the price of silver were 30*d.* per st. oz., the other assumptions remaining the same, the total cost of a rupee becomes Re. 0·7166, and the interest earned Re. 0·0142.

4. On the other hand, if the rate of interest earned on the Gold Standard Reserve investments be taken as 4 per cent. instead of 5 per cent. and the latter figure is clearly much too high in present conditions, the interest earned will be Re. 0·0066 (with silver at 35*d.* per st. oz.) Re. 0·0113 (with silver at 30*d.* per st. oz.) Even 4 per cent. is, however, too high since the bulk of the Gold Standard Reserve investments are in British Government Treasury Bills which earn at present considerably less than 3 per cent. For convenience I tabulate these results.

SUMMARY.

—	I Cost.	II Assumed annual profit.	III REMARKS.
	Rs.	Rs.	
One-rupee note	(*a*) ·9336	·0032	(*a*) Assumes average cost 11*s.* 1½*d.* per 1,000 and life of six months.
	(*b*) ·852	·0074	(*b*) Assumes average cost 10*s.* per 1,000 and life of seven months.
Silver rupees	(*c*) ·8358	·0082	(*c*) to (*h*) assume abrasion of 1½ per cent. in 50 years and coinage cost 1 per cent. (*c*) Assumes price of silver 35*d.* per st. oz. and interest on Gold Standard Reserve investments 5 per cent.
	(*d*) ·8358	·0066	(*d* Silver at 35*d.*, rate of interest 4 per cent.
	(*e*) ·8358	·0049	(*e*) Silver at 35*d.*, rate of interest 3 per cent.
	(*f*) ·7166	·0142	(*f*) Silver at 30*d.*, rate of interest 5 per cent.
	(*g*) ·7166	·0113	(*g*) Silver at 30*d.*, rate of interest 4 per cent.
	(*h*) ·7166	·0085	(*h*) Silver at 30*d.*, rate of interest 3 per cent.

MINTS.

The estimates of expenditure and receipts for 1922-23 compare with the revised estimates for 1921-22 and the actuals for 1913-14 as follows:—

	Expenditure.	Receipts.
	Rs.	Rs.
1913-14, Actuals . . .	19,89,449	50,97,614
1921-22, Revised Estimates .	18,87,000	14,24,000
1922-23, Budget Estimates .	22,34,000	19,19,000

2. The main business of the two Mints at Calcutta and Bombay is to coin rupees, half-rupees and small coin (nickel and bronze, also silver up till recently) for the Government of India. The bulk of the coinage is from metal purchased from abroad, but a certain amount of coinage is proceeding at the Mints continuously from the recoinage of coin which is withdrawn from circulation under standing instructions in order to maintain the purity of the coinage. The Mints are also engaged on a variety of subsidiary work, *e.g.*, the coinage of silver British Dollars for circulation in the Straits Settlements and Hongkong, small coin for these colonies and Ceylon and occasionally for certain Indian States, the receipt of sovereigns and gold bullion imported into India by banks and firms to obtain finance for trade, the receipt and refinement during and subsequent to the war of gold produced in India which used formerly to be exported to England to be refined and disposed of there, the provision of weights and scales for Government departments, and the manufacture of medals for them and for certain public institutions, and of signature stamps and stamping machines for the Currency and Public Debt Offices and latterly for Provincial Governments. Since 1914, the Mints have been authorised to receive and refine gold for the public, and this work is heavy in Bombay owing to its importance as a bullion market. The Assay Office is concerned with the assaying of bullion tendered for coinage and of standard meltings made by the Mint, the weighing and assaying of pyx coins turned out by the Mint and the custody and verification of weights of precision.

3. The receipts are distributed as follows:—

—	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
Calcutta	18,44,733	2,55,000	3,41,000
Bombay	32,51,921	11,66,000	15,75,000
England	960	3,000	3,000
TOTAL .	50,97,614	14,24,000	19,19,000

The receipts for 1913-14 were mainly derived from the coinage of new rupees and from profits on the circulation of nickel coins. The coinage of new rupees has now ceased, and in the current year's budget the major portion of the receipts are derived from profits on the circulation of nickel and bronze coins. These profits depend on the amounts passed into circulation out of small coin depôts and not necessarily on the actual coinage in the particular year concerned. We understand that a large reduction in these profits is anticipated in 1923-24 and that the estimate for receipts is only Rs. 4,91,000.

4. The expenditure is distributed as follows:—

	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
Calcutta	9,97,830	8,22,000	10,20,000
Bombay	8,33,159	9,66,000	10,88,000
England	1,58,460	99,000	1,26,000
TOTAL .	19,89,449	18,87,000	22,34,000

In view of the large number of rupees, at present exceeding 80 crores, which have accumulated in the Paper Currency Reserve and of the improbability of any coinage of new rupees being required for a long time to come, we have considered the question of closing one of the Mints, preferably that at Calcutta which occupies a very valuable site. We are informed that if this were done, it would be necessary to make considerable additions to the Machinery of the Bombay Mint and to increase its storage accommodation. Even then it is doubtful whether the Bombay Mint could ever cope properly with a combined rush of any two subsidiary coinages (bronze and nickel). In addition to this initial expenditure, charges will have to be incurred on gratuities or compensatory pensions to the staff discharged at Calcutta and it would be several years before any considerable savings could be effected. The closing of one of the Mints would also be accompanied by certain risks such as possible strikes or failures of plant at times when coinage is urgently required and possible heavy demands resulting from a financial panic. On the whole we consider that it would be unsafe for India to be dependent on one Mint. The demands for the coinage of rupees in India are liable to very large and sudden fluctuations as is evidenced by the following figures and although very large reserves have now been accumulated, it would be unsafe to assume that large demands will never arise in the future :—

	Lakhs of rupees coined.
1912-13	18,75
1913-14	12,14
1914-15	1,81
1915-16	1,48
1916-17	29,89
1917-18	22,58
1918-19	50,10
1919-20	36,62
1920-21	3,41
1921-22	1,27

The alternative course of closing the Calcutta Mint for a few years with the idea of starting it again at short notice is also open to various objections. It would involve similar additional expenditure on machinery in Bombay and compensation charges for the Calcutta staff, and the Mint Master reports that it would be impracticable to start the Mint again at short notice, as it would take a long time to collect and train a new staff and operatives not only for the mechanical departments but also for the accounts and bullion offices. The work of the Mint is extremely specialized and the staff consists of men trained by long experience. The best course therefore appears to be to continue working both the Mints, keeping the establishment rigorously reduced to a minimum, the permanent staff being maintained but no vacancies being filled unless absolutely necessary. It is possible that the silver minting portion of the Calcutta Mint and the nickel portion of the Bombay Mint might be closed completely, nickel and copper coining only being undertaken in Calcutta and silver coining in Bombay, and we recommend that this suggestion be further explored. A considerable saving could be effected by removing the Calcutta Mint to a cheaper site. We are informed that this question has been under consideration for some years, and we recommend that the decision be expedited.

5. The expenditure of the Calcutta Mint is distributed as follows :—

	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
1. Direction	85,094	84,440	95,800
2. Bullion Establishment		26,700	29,100
3. Operative Establishment	2,43,387	2,80,500	3,22,190
4. Assay Establishment	42,388	42,570	65,030
5. Allowances, contingencies, etc.	50,172	1,08,650	1,33,060
6. Loss on coinage	4,48,035	1,54,000	2,05,000
7. Purchase of local stores	1,28,804	1,25,140	1,69,820
TOTAL	9,97,830	8,22,000	10,20,000

The numbers employed on the 1st of April in each of the three years is shown in the following table:—

	1st April 1914.	1st April 1921.	1st April 1922.
Permanent	92	86	87
Temporary	934	894	620

The Mint Master reports that the minimum staff which he considers it necessary to retain as a trained nucleus to expand quickly to meet urgent demands is the staff required for the coinage of one lakh of rupees daily, that is, the full permanent staff *plus* approximately 500 temporary men, but he adds that retiring and leave vacancies when they occur are not necessarily filled. At present the Calcutta Mint is executing large orders for war medals on behalf of the Army Department, but we understand that this work will be completed by the 1st of April 1923 and the temporary establishment employed on it should then be reduced. We consider that it should be possible to effect a saving of Rs. 1,00,000 on temporary establishment in 1923-24 and Rs. 50,000 on the purchase of local stores. Against this saving, however, we understand that there will be some unavoidable increases on account of the return of the Mint Master from leave, a rise in rates and taxes and loss on coinage. After making allowance for these increases, we recommend that the provision for 1923-24 be reduced to Rs. 9 lakhs, a saving of Rs. 1,20,000.

6. The expenditure of the Bombay Mint is distributed as follows:—

——	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
1. Direction	77,967	72,000	84,076
2. Bullion establishment		50,000	60,408
3. Operative establishment	1,98,399	2,04,000	2,10,640
4. Assay establishment	52,134	63,000	47,720
5. Allowances, contingencies, etc.	87,018	93,000	94,828
6. Loss on coinage	3,08,803	2,40,000	1,00,328
7. Purchase of local stores	1,08,858	1,69,000	2,00,000
8. Electrification of Mint	...	75,000	2,90,000
TOTAL	8,33,159	9,66,000	10,58,000

The numbers employed in each of the three years are shown in the following table:—

	1st April 1914.	1st April 1921.	1st April 1922.
Permanent	162	111	112
Temporary	642	582	435

We understand that when the budget estimate for the current year was framed, it was anticipated that the Mint would be closed for the greater part of the year to enable the scheme of electrification to be carried out and the provision for temporary establishment was reduced accordingly. The Mint will resume working next year and no further reduction in staff appears to be feasible, excepting a reduction of Rs. 10,000 in the temporary establishment of the bullion department. We consider, however, that a saving of Rs. 50,000 can be effected in the purchase of local stores and there will be a large reduction in the expenditure on electrification, as only Rs. 58,000 will be required to complete the scheme for which Rs. 2,90,000 were provided in the current year. With these reductions the grant for 1923-24 will be reduced to Rs. 7,96,000, a saving of Rs. 2,92,000.

7. The expenditure in England consists mainly of leave allowances which cannot be reduced.

8. The above proposals have been discussed with the Controller of the Currency and are generally accepted by him. They will result in a reduction

of expenditure in 1923-24 by Rs. 4,12,000 as compared with the Budget estimate for the current year.

CONCLUSIONS.

Having reviewed the expenditure on the Mints, we recommend that—

(*a*) the two Mints be retained with a minimum establishment, but that an early decision be arrived at on the question of removing the Calcutta Mint to a cheaper site;

(*b*) the possibility of closing the silver minting portion of the Calcutta Mint and the Nickel portion of the Bombay Mint be explored; and

(c) the expenditure under this head in 1923-24 be limited to Rs. 18,22,000, saving Rs. 4,12,000.

EXCHANGE.

The estimate for 1922-23 compares with the revised estimate for 1921-22 and the actuals for 1913-14 as follows :—

	Net Expenditure.	Net Receipts.
	Rs.	Rs.
1913-14, Actuals	...	17,96,000
1921-22, Revised Estimate .	4,90,000	...
1922-23, Budget Estimate .	20,60,000	...

2. The figures for 1913-14 represent the excess receipts from remittances as compared with the amounts receivable at the then established rate of exchange of Rs. 15 to the £. The figures for 1921-22 and 1922-23 differ from those shown in the current year's Budget, which represent a lump adjustment on account of the difference between the actual or estimated rate of exchange and the rate of Rs. 10 to the £ in respect of sterling transactions under non-commercial revenue heads. We have considered it desirable for comparative purposes to have the revised estimates for 1921-22 and the Budget estimates for 1922-23 recast on an exchange basis of Rs. 15 to the £. The figures shown above against these years are a residue arising from the fact that, while certain changes were made in the final edition of the revised estimates for 1921-22 and the Budget for 1922-23 under revenue and expenditure heads, the consequential alterations under Exchange were not made as they were too small to be carried out at that stage. We consider that the best course would be to show all English expenditure in sterling both in the estimates and in the accounts. The rupee equivalents should be shown in parallel columns and the sterling payments should be converted in the budget estimates at the assumed rate of exchange, and in the accounts prepared at the end of the year at the actual or average rate prevailing during the year. If this course were followed the separate entry under the exchange head would disappear from future estimates and accounts and the estimated and actual expenditure in rupees would be shown in both.

It has been represented to us that the present method of compiling the accounts is somewhat confusing, and if the procedure which we suggest were adopted the budget and the final accounts would be better understood.

CIVIL WORKS.

The estimate for 1922-23 compares with the revised estimate for 1921-22 and the actual expenditure in 1913-14 as follows :—

	Rs.
1913-14, Actual Expenditure . . .	1,58,82,000
1921-22, Revised Estimates . . .	1,54,88,000
1922-23, Budget Estimates . . .	1,61,87,000

2. The expenditure subdivided under the main heads shown below :—

——	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
ORIGINAL WORKS INCLUDING WORKS IN PROGRESS . . .	77,85,000	65,65,000	60,30,000
REPAIRS . . .	39,84,000	58,09,000	64,50,000
ESTABLISHMENT, ETC. . . .	21,21,000	22,39,000	8,05,000
ESTABLISHMENT AND TOOLS AND PLANT CHARGES PAYABLE TO OTHER GOVERNMENTS AND DEPARTMENTS .			15,64,000
TOOLS AND PLANT . . .	1,99,000	1,20,000	1,10,000
DELHI MOTOR BUS SERVICE . .	...	...	1,09,000
SUSPENSE	—91,000	...	1,02,000
RESERVE	. .	...	1,98,000
DEDUCT EXPENDITURE ON ENGLISH STORES	—3,43,000	—3,80,000	—32,000
TOTAL .	1,36,55,000	1,43,53,000	1,53,36,000
EXPENDITURE IN ENGLAND AT Rs. 15 =£1	15,18,000	6,34,000	1,15,000
WORKS CARRIED OUT BY CIVIL OFFICERS, NORTH-WEST FRONTIER PROVINCE	1,79,000	95,000	1,12,000
WORKS CARRIED OUT BY CIVIL OFFICERS IN OTHER AREAS .	5,30,000	4,06,000	6,24,000
TOTAL .	1,58,82,000	1,54,88,000	1,61,87,000

We deal with the more important of the above heads seriatim.

ORIGINAL WORKS INCLUDING WORKS IN PROGRESS.

3. We have been furnished with the following particulars of the more important works for which it is at present proposed to make provision in the estimate for 1923-24 :—.

	Rs.
Draband-Ghazni Khel Road	21,83,000
Forest Research Institute, Dehra Dun	10,00,000
Kabul Legation	6,00,000
Dhanbad School of Mines and Geology . . .	2,00,000
Salt Works, Bombay	1,71,000
Conversion of Monotype Press, Simla, to a combined machine press	1,65,000
Expansion of the Agricultural Research Institute, Pusa .	1,40,000
Expenditure in areas directly administered by the Central Government	15,30,000
Expenditure in Major Provinces	5,63,000
TOTAL .	65,52,000

Draband-Ghazni Khel Road.—The figure of Rs. 21,83,000 is exclusive of the cost of establishment, tools and plant and the total expenditure proposed for 1923-24 including these charges is Rs. 25 lakhs. In view of the necessity for providing adequate lateral communications within the administrative border for the defence of the North-West Frontier, we make no recommendation.

Forest Research Institute, Dehra Dun.—We are informed that this provision is on account of an instalment of a large project, the total expenditure involved amounting to about Rs. 1¼ crores. The portion of the scheme for which administrative sanction has been accorded is Rs. 58 lakhs of which it is anticipated that about Rs. 31,40,000 will have been spent by the 31st March 1922-23, while there are said to be commitments to the extent of a further Rs. 13 lakhs. We are recommending that the whole scheme for the expansion of the Institute be reconsidered and that no further expenditure thereon be incurred beyond such amount as is obligatory in view of existing commitments.

Kabul Legation.—The estimated cost of the Legation building is Rs. 16,00,000 of which Rs. 80,000 was spent in 1922-23 on purchasing the land. In paragraph 20 of our report on political expenditure we recommend that the plans be reconsidered with a view to restricting the cost of the building, if possible, to a smaller figure.

Dhanbad School of Mines and Geology.—In our report on Industries we recommend that this scheme be postponed for three years.

Conversion of Monotype Press, Simla, to a combined machine press.—We understand that this forms portion of a scheme designed to secure substantial economies in the working of the Government presses and we have recommended in our report on Stationery and Printing that this should be proceeded with.

Agricultural Research Institute, Pusa.—We are informed that there is a scheme for the expansion of the Institute, in order to make it a first grade institution for higher agricultural training, the scheme being estimated to involve recurring annual expenditure of Rs. 1 lakh, and initial expenditure on building of Rs. 13½ lakhs. We understand that it is now proposed, in view of the present financial situation, to defer for 5 years the major portion of the scheme and that about Rs. 20,000 would be sufficient for the completion of certain quarters at present under construction for the menial and clerical staff. We recommend that the exact extent of existing commitments be ascertained and expenditure be limited to this amount.

Expenditure in areas directly administered by the Central Government and in the Major Provinces.—The proposed expenditure of Rs. 20,93,000 is mainly on account of minor works, and the programme should be susceptible of substantial curtailment.

Summary.—We recommend that expenditure be restricted in the directions indicated and the provision for new works and works in progress in 1923-24 limited to Rs. 55 lakhs, a saving of Rs. 5,30,000 on the estimates for 1922-23.

Repairs.

	Rs.
1913-14, Actual Expenditure . . .	39,84,000
1921-22, Revised Estimate	58,09,000
1922-23, Budget Estimate	64,50,000

4. Having regard to the fall in prices in materials which has taken place we recommend that provision for 1923-24 be limited to Rs. 57 lakhs, saving Rs. 7,50,000.

5. From a recent investigation into the utilisation of buildings owned by the Central Government in Calcutta it appears that these contain a considerable amount of vacant accommodation and that the space available is not utilised to the fullest possible extent. In paragraph 29 of our report on General Administration we recommended that the work of elimination of Government records in Calcutta of no permanent or historic value should be speeded up with a view to freeing the space now occupied by them, and we further recommend that the present distribution of accommodation among the establishments of the Central Government in Calcutta be reviewed in order that such space as is no longer required for these establishments may be set free in the form of complete buildings and steps taken for their disposal to the Local Government or otherwise.

COST OF ESTABLISHMENT AND OTHER OVERHEAD CHARGES.

6. The following statement shows for the administrations mentioned the cost of establishment (less recoveries) and the expenditure on public works :—

—	Establishment charges.	Estimated expenditure on works and repairs in 1922-23.	Percentage of establishment charges.
	Rs.	Rs.	
Rajputana	1,70,000	5,82,000	29
Central India	1,60,000	7,22,000	22
Simla Imperial Circle . . .	1,85,000	5,65,000	33
Coorg	75,000	2,19,000	34

We consider that these figures show that larger establishments are maintained than are justified by the amount of work to be done. We are aware that the high percentages are due to the material reduction in the allotments for public works in recent years, but we consider that this constitutes an argument in favour of employing a contract system which would obviate the necessity of maintaining expensive staff when for financial or other reasons the volume of work diminishes. We understand that in Rajputana and Central India two Superintending Engineers and three Executive Engineers are maintained for supervision of a programme of work amounting to Rs. 13 lakhs only. We think that it should be possible to amalgamate the public works establishments in these areas and to retain only one Superintending and two Executive Engineers which would effect a saving of about Rs. 40,000 and that further reductions should be made in the subordinate staff. In Coorg, reductions amounting to Rs. 16,000 are proposed, but we doubt the necessity for an Executive Engineer costing Rs. 14,000 and an Assistant Engineer costing Rs. 9,000 for this small area and, we think, substantial further reductions should be made if it is not possible to arrange with the Madras Government to take over this work. Much of the work in the Simla Circle is estate work in connection with the considerable properties of the Government of India, but we consider that the present supervision charges are excessive and that a reduction of staff should be effected, saving at least Rs. 35,000.

With the curtailment of work to be carried out in the Major Provinces there should be a proportionate saving in the overhead charges, and we recommend that, including the savings indicated above, a total reduction of Rs. 2,50,000 be made in establishment charges for 1923-24 compared with 1922-23.

7. We further consider that substantial economies could be effected by recourse to a system of calling for tenders and giving out agency work on inclusive contracts wherever feasible. In paragraph 26 of the Report of the Public Works Department Reorganisation Committee, 1917, it was recommended that "the policy of Government should be directed to the encouragement of the growth of the class of regular contractors and contracting firms in India by inviting tenders for complete works and by the introduction of a system of lump sum contracts." We are informed that the Department has this principle always in mind, but the occasions on which effect has been given to it appear in practice to have been very limited.

8. These remarks apply not merely to the execution of works in areas directly administered by the Central Government but also in the provinces where works are carried out on commission for the Central Government by the Public Works Departments of the local Administrations or by the Military Works Services as in the case of the North-West Frontier Province. The statement below shows the overhead charges made in the following cases :—

	Charge per cent.		Charge per cent.
Madras	23	Burma	23
Bombay	23	Central Provinces . .	23
Bengal	21	Assam	23
United Provinces . . .	19	Military Works Services .	24½
Punjab	18	Baluchistan . . .	24½
Bihar and Orissa . . .	23	North-West Frontier Province	20

We understand that some Local Governments have claimed that the present rates are inadequate. We are informed, however, that they compare very unfavourably with the charges included in quotations by substantial contracting firms in important centres such as Calcutta and Bombay. A lump sum contract has also the advantage of ensuring that the original estimate of the cost of a work to Government will not be exceeded. In the case of petty repairs Government authorities should be able in a large number of cases to arrange departmentally for their execution and we are informed that it should be possible outside the large towns to obtain technical advice from, or to arrange for inspection by, District or Local Board Engineers and their staffs at a reasonable fee.

It has been suggested to us, as another alternative, that it might be possible to make a comprehensive arrangement over one or more Provinces with responsible contracting firms to undertake for a reasonable fee the preparation of plans and estimates and the supervision of works and repairs for a period of years, and we recommend that this possibility be explored. In any event, we feel that the recommendations of the Reorganisation Committee referred to above should be given effect to without further delay.

Reserve.

9. We are informed that it is the practice, when the full amount of the allotment authorised for a particular work is not required for the purpose, to add the amount of the lapse to the reserve and that the amounts so saved are frequently reappropriated for expenditure on other works for which no provision exists in the budget. We are of opinion that the reappropriation of funds, except in cases where the amount involved is small, should be limited to works of real emergency and should require the sanction of the Finance Department, which should consider carefully in each case, before sanctioning a re-appropriation, whether the surrender of savings is justified by the financial situation; further that some system should be immediately introduced to obviate the waste which occurs owing to the rush of expenditure at the end of the year in order to avoid the lapse of unspent funds.

Expenditure in England.

10. This expenditure in 1922-23 is mainly on account of leave allowances and stores.

Works carried out by civil officers.

11. We are informed the expenditure of Rs. 1,12,000 shown under this head in the estimates of the North-West Frontier Province will in future be classified under Public Works, and that the provision of Rs. 6,24,000 for other areas relates to small items carried out by departmental agency and that it is proposed in future to classify the expenditure under the head of the department in which it is incurred.

CONCLUSIONS.

Having reviewed the expenditure of the Public Works Department we recommend that—

(1) the practice of calling for tenders and giving out work on inclusive contract be adopted wherever possible and establishments reduced;

(2) reappropriation of funds be strictly limited and be subject to the surrender of savings being justified by the financial situation; and

(3) allowing for the transfer of Rs. 6,24,000 to other heads, the budget estimate for 1923-24 be limited to Rs. 1,40,33,000, a total reduction of Rs. 21,54,000, and a net saving of Rs. 15,30,000.

CAPITAL EXPENDITURE ON NEW DELHI.

The provision for capital outlay on this project for 1922-23 amounted to Rs. 2 crores made up as follows :—

	Rs.
Net establishment charges	16,32,000
Works expenditure	1,76,63,000
Adjustment for exchange	9,05,000
	2,02,00,000
Less receipts taken in reduction of expenditure . . .	2,00,000
	2,00,00,000

2. We are informed that the first detailed estimate prepared in 1913 was fixed at Rs. 917 lakhs. Subsequently, in 1921 the great increase in rates of labour, materials and plant and the expansion of the original programme to meet the requirements of the reformed Legislature made it necessary to frame a revised estimate. This amounted to Rs. 1,307 lakhs, against which it is anticipated that total gross outlay on the project amounting to Rs. 841 lakhs will have been incurred by March 1923. We are informed that it is expected that the project will be completed by October 1925, except for Government House and the Legislative Chambers, and that various receipts and savings will reduce the total net expenditure to Rs. 1,292 lakhs. The approximate estimate of maintenance charges after the completion of construction, appended to the report of Sir Malcolm Hailey's Committee, is about Rs. 16½ lakhs, set off by receipts of Rs. 9 lakhs and resulting in a net charge to the general tax-payer at Rs. 7½ lakhs per annum. This is, we believe, a very conservative estimate and it takes no account of the interest charges on this heavy capital outlay.

3. From an examination of the report of Sir Malcolm Hailey's Committee, we observe that the Committee hold that the Government are committed to the project which has in their opinion progressed to a stage at which, even in the present state of the country's finances, it can neither be abandoned or even materially altered. We consider that it would, in these circumstances, be outside our province to offer any criticism on the expenditure which has been incurred or will have to be incurred on New Delhi and we therefore refrain from expressing any opinion.

4. We draw attention to the statement made in the Report that the estimate for New Delhi "is confined to making provision for the works necessary to enable the Government of India to occupy their new Headquarters effectively". It does not include the cost of various items such as the proposed new Railway Station at Ajmere Gate to take the place of the Delhi Sadar Station.

The estimated cost of the new station as at present contemplated, together with consequential expenditure, amounts to Rs. 1,44,00,000. If this sum is added to the capital cost of the Agra-Delhi Chord Railway it will entail a serious loss on the working of that line as, so far as we can judge, there is little prospect of much additional revenue accruing from the new construction.

We ascertained that land has been purchased for the construction of a much larger station than is now proposed, the total ultimate cost being estimated at about Rs. 2 crores.

5. We are of opinion that there is no financial justification for the construction of the new station and we recommend that the present scheme be again reviewed with the object of curtailing the expenditure as far as practicable. For example, we are informed that the estimated cost of the proposed station buildings amounts to Rs. 26,00,000. We consider that expenditure on this scale is extravagant, and that a less expensive station could be constructed, which would meet the probable traffic requirements for many years to come and at the same time be capable of being enlarged if and when traffic develops on a large scale.

FAMINE RELIEF.

The estimate for 1922-23 compares with the revised estimate for 1921-22 and the actual expenditure for 1913-14 as follows :—

	Rs.
1913-14, Actual Expenditure	4,000
1921-22, Revised Estimate	4,50,000
1922-23, Budget Estimate	27,000

The estimates for the current year provided for an outlay of Rs. 20,000 in the North-West Frontier Province and Rs. 7,000 in Rajputana. The expenditure is fluctuating in character, and we understand that no provision will be required in 1923-24.

TERRITORIAL AND POLITICAL PENSIONS.

The estimate for 1922-23 compares with the revised estimate for 1921-22 and the actual expenditure for 1913-14 as follows :—

	Rs.
1913-14, Actual Expenditure	33,11,000
1921-22, Revised Estimate	30,69,000
1922-23, Budget Estimate	31,42,000

We are informed that most of the grants falling under this head are perpetual or hereditary. The policy is to extinguish life grants gradually either by withdrawing them entirely or by reducing them considerably at each succession. Some reduction, though slight, should therefore take place every year, if this policy is followed and if new grants are restricted.

The increase in the current year has occurred mainly in the United Provinces and is largely due to local causes such as payment of arrears and commutation of certain pensions. It is anticipated that there will be a reduction of Rs. 1,08,000 in the provision required under this head for 1923-24 as compared with the Budget estimate for 1922-23.

CONCLUSION.

There will be an automatic saving of Rs. 1,08,000 in 1923-24, and we recommend that endeavour be made to effect progressive reductions in the amount of these pensions.

SUPERANNUATION ALLOWANCES AND PENSIONS.

The estimate for 1922-23 compares with the revised estimate for 1921-22 and the actual expenditure for 1913-14 as follows :—

	Rs.
1913-14, Approximate Expenditure . .	3,25,05,000
1921-22, Revised Estimate . . .	3,49,65,000
1922-23, Budget Estimate . . .	3,54,27,000

2. This expenditure is sub-divided under the main heads shown below :—

	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
Superannuation and retiring allowances. Service and other funds .	3,20,04,500	3,34,23,500	3,30,97,500
Compassionate allowances . .	2,01,600	31,700	33,700
Gratuities	47,200	58,100	47,900
Pensions for distinguished and meritorious services . .	83,100	19,300	21,400
Commutation of pensions .	60,000	12,36,200	14,80,100
Miscellaneous	8,600	1,46,200	1,46,400
	3,25,05,000	3,49,65,000	3,54,27,000
Deduct—Recoveries on account of contributions to pensions and service funds, etc. . . .	22,55,000	25,93,000	25,00,000
Net total .	3,02,50,000	3,23,72,000	3,29,27,000

3. The figures shown for the different years are not strictly comparable owing to an important change made on the 1st of April 1921 in the basis of the division of pensionary charges between the Central and Provincial Governments. Formerly all sterling pensions were debited to the Central Government and rupee pensions were, with certain exceptions, brought to account in the Provinces where the payment was made, irrespective of the Government under which the pensioner had served. These arrangements continue in respect of pensions sanctioned before the 1st of April 1921, but the incidence of pensions subsequently granted is now divided among the various Governments under which an officer has served in accordance with his length of service under each. It has not been possible to form an estimate as to the ultimate effect which this change will have on the distribution of the total pensionary charges between the Central and Provincial Governments. It may be mentioned, however, that the Central Government's liability for pensionary charges distributed between England and India is as follows :—

	India.	England.	Total. (Rs. 15 = £1).
	Rs.	£	Rs.
1913-14, Approximate Expenditure	16,85,000	2,054,647	3,25,05,000
1921-22, Revised Estimate	29,91,000	2,131,600	3,49,65,000
1922-23, Budget Estimate .	33,22,000	2,140,300	3,54,27,000

4. We have also been unable to obtain within the limited time available information as to the ultimate cost to the Central Government of the revision of pension scales which has been undertaken in recent years. We recommend that before any such revision of pensions is adopted in the future an actuarial calculation should be made of the cost to the State. We understand that the regulations governing pensions are at present under revision with the object of simplifying the present elaborate procedure and we desire to emphasise the importance of ensuring that this revision is not accompanied by any increase in the non-effective charges.

5. We are informed that commutation of a portion of pension is permitted in certain cases subject to limitations designed to ensure that the balance of pension shall be sufficient to maintain the pensioner, and that the commutation rates have recently been revised with reference to the higher rates of interest now prevailing. A uniform mortality rate is apparently assumed for all subordinate services in India and we recommend that the possibility be examined of adopting different rates of mortality for different classes of pensioners.

6. We have made enquiries as to the charges made for pension liability in the case of officers under the foreign service rules. The previous rates of contributions were as follows:—

	Proportion of salary.	
	Leave and pension.	Pension only.
Officers under the European service leave rules . .	$\frac{5}{16}$	$\frac{1}{6}$
Other officers in superior service including officers of the military and marine services . .	$\frac{1}{4}$	$\frac{1}{8}$
Officers in inferior service	..	$\frac{1}{16}$

These percentages have been periodically reviewed and further investigation with regard to them is at present in progress. The necessary calculations have been completed only in the case of officers in the Indian Civil Service in respect of whom it has been decided to raise the rates of contribution as follows:—

	Previous rate.	Revised rate.
For leave and pension	$\frac{5}{16}$	$\frac{2}{5}$
For pension only	$\frac{1}{6}$	$\frac{1}{4}$

The new rates, which came into force from the 27th January 1922, have been extended temporarily to military officers pending a complete investigation of the contribution properly leviable in their case.

7. No uniform practice obtains of debiting commercial departments with pensionary charges, but we understand that the Government of India propose that the charge should in all cases be taken into account and we recommend that this proposal be given effect to.

8. The bulk of the existing pensionary charges is of a *quasi*-contractual nature and is not susceptible of reduction, except in the case of the temporary addition to pensions of less than Rs. 45 a month which was granted in January 1921 to meet the enhanced cost of living. The estimated annual cost of this concession, including provincial and central pensions, is about Rs. 64 lakhs per annum. In the case of military pensions the increase is approximately Rs. 41 lakhs per annum, while for civil pensions charged directly to the Central Government the increase is Rs. 1 lakh. This scheme is open to reconsideration after it has been in operation for three years, and it should then, in our opinion, be reviewed with reference to the price conditions prevailing at that time. A considerable reduction has already occurred in the cost of living and there are indications that prices will fall still further. Some saving should, therefore, be possible in the pensionary charges for the last three months of 1923-24 and in subsequent years, the main saving accruing in the military estimates.

9. We are informed that the estimate at present proposed for 1923-24 is Rs. 3,47,97,000, resulting from a reduction of expenditure in England of £69,300 and an increase in India of Rs. 4,10,000, the net saving being Rs. 6,30,000.

CONCLUSIONS.

There will be an automatic reduction of Rs. 6,30,000 in 1923-24 and we recommend that:—

(1) an actuarial examination be made of the cost to the state of any proposals put forward in future for the revision of pension scales before these are sanctioned; and

(2) a uniform practice of debiting commercial departments with pensionary charges be adopted.

STATIONERY AND PRINTING.

The estimates of net expenditure and receipts for 1922-23 compare with the revised estimates for 1921-22 and the actuals for 1913-14 as follows :—

	Expenditure (net).	Receipts.
	Rs.	Rs.
1913-14, Actuals . . .	32,12,000	6,17,000
1921-22, Revised Estimates . .	97,68,000	9,41,000
1922-23, Budget Estimates . .	75,56,000	17,49,000

2 The expenditure, which shows an increase of 138 per cent. since 1913-14, is distributed as follows :—

—	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
Stationery Office . . .	2,77,711	3,47,600	3,57,900
Government Presses . . .	17,09,102	38,04,400	38,04,800
Stationery Stores . . .	33,33,229	90,00,000	67,00,000
Miscellaneous	682	...	1,300
	53,20,724	1,31,52,000	1,08,64,000
Less recoveries . . .	50,82,420	1,01,05,000	70,15,000
	2,38,304	30,47,000	38,49,000
Charges in Major Administrations	12,39,696	30,14,000	10,14,000
Charges in Minor Administrations	1,54,000	2,43,000	2,70,000
	16,32,000	63,04,000	51,33,000
Expenditure in England (Rs. 15 =£1)	15,80,000	34,64,000	27,61,000
	32,12,000	97,68,000	78,94,000
Deduct—Lump cut made by Assembly	...	...	(*a*) 3,38,000
TOTAL .	32,12,000	97,68,000	75,56,000

(*a*) The actual deductions made by the department under the various sub-heads amount to Rs. 3,47,570.

A detailed enquiry into the expenditure of this Department was made last year by Mr. F. D. Ascoli, I.C.S., who was placed on special duty for the purpose. That officer suggested considerable economies to which we shall refer in detail in dealing with the sub-heads affected, and many of these economies were taken into account in framing the current year's budget.

3. *Stationery Office*—

	Rs.
1913-14, Actual Expenditure	2,77,711
1921-22, Revised Estimate	3,47,600
1922-23, Budget Estimate	3,57,900

The estimate for 1922-23 is made up of Rs. 1,87,890 on account of administration and staff and Rs. 1,70,010 for allowances, materials, contingencies, etc. This office purchases and distributes paper and other articles of stationery for all Departments of the Central Government, for all Provincial Governments, excepting Bombay and Madras, and for certain *quasi* public bodies. Articles purchased in England are only ordered by the Stationery Office and distributed, the purchases being effected by the High Commissioner for India. The Controller is in general charge of all the printing work of the Government of India in addition to the stationery and stamps staff. We are informed that the value of stationery alone distributed in 1920-21 amounted to Rs. 1,10,00,000. Provincial Governments and commercial departments pay 5 per cent. on the value of stores issued to them on account of administrative

charges and recoveries on this account in 1920-21 amounted to about Rs. 2½ lakhs. The net cost of the office is therefore small in comparison with the business transacted. Mr. Ascoli suggested that the temporary staff costing about Rs. 22,000 might be dispensed with, but we understand that this staff is being retained until the revised stationery rules have effected a decrease of work. We consider that it should be possible to dispense with part of this temporary staff in 1923-24 and we recommend that a reduction of Rs. 10,000 be made in the provision for that year on this account. Extra expenditure will, however, be incurred under this head on account of—

(*a*) the Printing Clearing Office (Rs. 28,000), and

(*b*) the Forms Store Department (Rs. 1,02,000)

the functions of which are described in paragraphs 4 and 8 below.

4. *Government Presses*—

The expenditure is distributed as follows :—

——	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
Central Presses (including Contractor's printing)	13,32,039	31,28,670	30,16,940
Simla Press	2,37,496	4,03,350	5,25,120
Monotype Press, Simla	81,049	1,76,070	2,05,270
Private Secretary's Press	30,648	50,760	49,170
Foreign and Political Department Press	24,777	38,070	...
Residency Press (Mysore)	3,093	7,480	8,300
TOTAL	17,09,102	38,04,400	38,04,800

Of the lump cut made by the Assembly Rs. 1,47,670 were taken against this head, thus reducing the grant for 1922-23 to Rs. 36,57,130.

The Central Presses comprise two at Calcutta and one at Delhi. In addition to the work of these presses a large number of forms, mainly Posts and Telegraphs and Army forms are printed by a private contractor, at an estimated cost of Rs. 9 lakhs, exclusive of paper and packing materials. The work of the Simla Press and the Monotype Press at Simla is closely connected with that done at the Central Presses and it will be convenient to consider them altogether. In dealing with the work of these Presses Mr. Ascoli observed :—" The whole of the printing system is uncontrolled and wasteful. The presses are antiquated and organised on an unsound basis, there is no control or attempt to control printing work generally. While one press is idle and cannot keep its men employed, another may be worked overtime ". In pursuance of his advice, a printing clearing office, estimated to cost Rs. 28,000 in 1923-24, has been established to regulate the distribution of work to the various presses. The main functions of this office are :—

(*a*) to ensure the proper observance of the printing rules ;

(*b*) to ensure an even flow of work to the various presses ; and

(*c*) to see that no unauthorised work is sent to the presses and that authorised work is submitted in proper and economical form.

With certain exceptions, such as work classed as immediate or secret and the proceedings of the Council of State and the Legislative Assembly, all the printing work of the Government of India Secretariat offices and Army Headquarters is now sent to the press through the printing clearing office. This arrangement is likely to result in a considerable decrease in the volume of work sent to the press, but we are not satisfied that there is sufficient control over the work classed as immediate, which can be sent direct to any press under the signature of an officer not below the status of an Assistant Secretary or Registrar. A proof copy of all such work is sent to the printing clearing office, which is authorised to criticize the urgency and necessity of the work, but as the office is in charge of a Superintendent and the Controller's

headquarters are at Calcutta, it is difficult for the clearing office to intervene effectively. We suggest that the Superintendent of this office should be authorised to bring cases in which, in his opinion, work has been improperly classed as immediate directly to the notice of the department of the Government of India in charge of Stationery and Printing, at present the Industries Department, so that the question may be taken up with the Department sending the work to the press.

5. The greater part of the printing of the Government of India is done at Calcutta where both paper and labour are cheaper than at Delhi or Simla. Mr. Ascoli observed that the division of functions between the two Calcutta presses is hopelessly bad and he proposed to reorganize them into two self-contained units, and at the same time to amalgamate the two Simla presses into one and to reduce the size of the Delhi press. He expected to effect large economies by the substitution of new and up to date machinery for hand labour, and estimated that an annual saving of Rs. 9 lakhs could be obtained by this means. We understand that the machinery required at Calcutta has not yet been ordered and that the reorganization has been held up pending an expression of opinion by this Committee on the question of continuing the system of Government printing. In this connection it has been represented to us that it is essential for the Government of India to have their own presses at Simla and Delhi for work classed as immediate and for all secret work, and that it is economical to employ these presses during the slack seasons on other work. It has also been represented that Government can do its own printing work at cheaper rates than private presses, and this contention has been supported by figures quoted by private presses for particular jobs, notwithstanding the fact that the remuneration of the employés of the Government presses is generally higher than the rates paid by private firms. This fact raises a presumption that the true cost of Government printing is underestimated, but we are assured that the costing in the Government presses is complete except for the exclusion of a few items such as interest on capital, leave allowances out of India, and pensions and gratuities. We recommend that the system of costing be revised so as to include all proper charges. The difficulties which have been experienced in getting the Government forms printed by private contractors are also put forward as a ground for continuing the system of Government printing. On the whole, we are satisfied that the system is the most economical under present conditions and we recommend that the reorganization proposed by Mr. Ascoli be proceeded with as soon as possible in order to obtain the benefit of the resultant economies at the earliest possible date.

6. We consider that the opportunity of the reorganization should be taken to revise the rates of pay given at the Government presses. Mr. Ascoli observes that, with the exception of skilled operators, the salaries or rates of wages are much in excess of market rates and have in the past few years increased by from 40 to 75 per cent. It has been represented to us that the present rates were fixed only two years ago and failed to give satisfaction and that any reduction now would cause serious discontent. We consider, however, that the matter might well be reconsidered when the bulk of the compositors are being replaced by machine hands. Mr. Ascoli also brings to notice that all permanent hands, with the exception of piece-workers, are entitled to leave under the Fundamental Rules, and he estimates that every man will take on an average three months' leave on full pay every year and that this would necessitate keeping a leave reserve costing Rs. 4 lakhs. We deal elsewhere in our Report with these leave rules and will only remark here that we consider them unsuitable to the conditions of industrial labour.

7. As the reductions of establishments contemplated by Mr. Ascoli cannot be fully effected until the new machinery is installed, it is difficult to estimate the possible savings in 1923-24. The control to be exercised by the printing clearing office should materially reduce the work of the presses, and the same result is to be expected from various other reforms proposed by Mr. Ascoli. We understand that some of these proposals are still under consideration and that none of them have been finally rejected. For instance his scheme for the reorganisation of the Publication Branch is still under discussion with the

several departments of the Government of India, and suggestions for economy, such as the limitation of the number of copies of Government publications to be printed and the curtailment of free issues, are being held up. We recommend that an early decision be arrived at on all these proposals so as to effect the resultant economies in 1923-24. In this connection we have observed that many notifications relating to Minor Administrations are included in the Gazette of India and circulated throughout the country, though these are of local interest only. We suggest that it be considered whether such matter cannot be included in a separate supplement for local circulation. We consider that, apart from payments to the printing contractor with which we deal below, the cost of the main presses should be reduced in 1923-24 by Rs. 6 lakhs.

8. The provision under " Supplies and Services " for the Central Presses includes Rs. 9 lakhs for payment to the Contractor for Government Printing. The history of this contract illustrates the disadvantages of allowing one firm to obtain a monopoly. The present contractors obtained the contract in 1908 on tendering at 29 per cent. below the tender of the firm which previously did the work of printing Government forms. Two years later, the contractors represented that they were working at a great loss and asked for a revision of the rates. Government granted an increase of $16\frac{2}{3}$ per cent., the contractual rates as modified being still $12\frac{1}{3}$ per cent. lower than the tender of the recent holder of the contract. The contract expired in 1918, when the numbers of forms required by the Army and Post and Telegraph Departments were enormously greater than they had been before. It was considered practically impossible in that year, when the war was still raging, to find another contractor who would equip a press for the turning out of these forms, and the contract had to be renewed with the same firm at a further increase of $16\frac{2}{3}$ per cent. over the rates paid in 1908, making a total of $33\frac{1}{3}$ per cent. Again in 1921, when this extending contract expired, it was once more renewed for a period of three years at rates 75 per cent. over the contractual rates of the previous contract (1918—21). As Government at that time had no arrangements for its own storage and distribution of forms, it was impossible to split up the contract among a number of smaller contractors and, therefore, the high terms insisted upon by the contractor had to be accepted. The renewed contract will expire in April 1924, and we are informed that it has been decided to try to divide the contract among a number of printing firms, and that tenders have been invited for a new contract for a period of 7 years. If satisfactory offers are not received we would suggest calling for tenders for alternative periods of 3, 5, 7 and 10 years.

One alteration, making for economy, was provided for when the contract was revised in 1921. Under the present contract the forms are stored and distributed by the printing contractor who has no interest in checking consumption, and the arrangement has naturally tended to encourage extravagance. We are informed that in April 1923 a special Store for Forms will be established at the Calcutta Stationery Office and that the work of distribution will then be taken over by the Stationery Department. The Store establishment is estimated to cost Rs. 1,02,000 in 1923-24, but there will be a saving of Rs. 1,08,000 on account of the remuneration which is at present paid to the contractor for undertaking the work of distribution. It is also anticipated that the change will result in material reductions in the consumption of forms and in consequence of these reductions and of the revision of the forms used by the Army Department, we consider that there should be a saving of Rs. 3 lakhs in the expenditure on forms printed by the contractor.

9. The other Government presses call for little remark. The Private Secretary's Press carries out the printing work of His Excellency the Viceroy and the Private Secretary, which is mainly urgent and secret. The cost of this press is not, we think, excessive and we make no recommendation. The Foreign Office Press has been closed in consequence of the refusal of the Legislative Assembly to provide funds for it in the current year, and we understand that it has been decided to close the Mysore Residency Press, saving Rs. 8,000. Other small presses are dealt with under the head —Charges in Minor Administrations.

10. The result of the above recommendations will be to reduce the grant under Government presses in 1923-24 to Rs. 27,88,000, which is Rs. 10,16,800 below the original budget estimate for 1922-23 and Rs. 8,69,130 below the estimate as reduced by the Assembly.

11. *Stationery Stores*—

	Rs.
1913-14, Actual Expenditure	33,33,229
1921-22, Revised Estimate	90,00,000
1922-23, Budget Estimate	67,00,000

Of the lump cut made by the Assembly Rs. 1,99,000 were taken against this head, and Rs. 5,00,000, which had been included for the purchase of machinery, was subsequently transferred to the High Commissioner's budget, thus reducing the budget grant to Rs. 60,00,100. The bulk of this expenditure is incurred on the purchase of paper in India. The Stationery Stores at present supply the whole of India except Madras and Bombay. The Stores purchased in India are obtained on contracts ordinarily made for one year and we are informed that tenders are invariably called for. The great increase in expenditure in recent years is due almost entirely to the rise in the price of paper, the consumption of which appears to have decreased. Approximately 9,000 tons were purchased in 1913-14, whereas in 1921-22 the consumption was 8,300 tons and the estimated consumption in the current year is 7,500 tons. The large reduction shown in the budget for the current year compared with the revised estimate for 1921-22 was based mainly on the fall in prices by about 33 per cent. as shown in the tenders for paper received about a year ago. The possibility of a further reduction next year depends on two factors, *viz.*, consumption and prices. With regard to consumption, nearly half the total issues of stationery are taken by the Government presses, and the measures to which we have referred above for reducing the amount of printing should result in a corresponding reduction in the paper consumed. The consumption of stationery in Government offices should also be reduced as a result of the system of monetary allotments, which has recently been introduced, and of other measures of economy such as the re-standardising of envelopes. We understand that the monetary allotments are at present fixed on a tentative basis varying from Rs. 18 per head of officers and ministerial establishment in the Departments of the Secretariat to Rs. 8 or 10 per head in the accounts offices. We recommend that these standards be reviewed as soon as sufficient experience has been gained. With regard to prices, we understand that the tenders recently received at Calcutta for the coming year's supply show an average reduction of Rs. 27 per ton or about 4½ per cent Taking this into account, together with the reduction of consumption, we consider that the provision for 1923-24 (exclusive of machinery) should not exceed Rs. 50,45,000, which is Rs. 16,55,000 below the original budget estimate for 1922-23 and Rs. 9,55,100 below the estimate as subsequently reduced. The whole of this reduction does not, however, represent a saving to Central revenues, as it will be accompanied by a decrease in recoveries, which are dealt with in the next paragraph.

12. *Recoveries*—

These are distributed as follows :—

—	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
Stationery supplied to Provincial Governments . . .	39,07,086	71,52,750	41,58,150
Stationery supplied to the Posts and Telegraphs Department .	4,35,763	13,30,000	13,31,000
Printing works done for the Posts and Telegraphs and Census Departments . . .	7,39,571	16,22,000	15,26,000
For rounding	...	250	—150
TOTAL .	50,82,420	1,01,05,000	70,15,000

We understand that the recoveries were greatly over-estimated in the current year's budget because the effect of the fall in the price of paper was not taken into account. The revised estimates for 1923-24 are only Rs. 58,42,000, *viz.*, Rs 33,78,700 from Provincial Governments *plus* Rs. 24,63,300 from the Posts and Telegraphs and Census Departments. In view of the further fall in prices and the probability of reduced demands from Provincial Governments on account of financial difficulties and from the Census Department, the recoveries next year are likely to show a still further reduction. We understand that the Government of Bihar and Orissa have decided to make their own arrangements for stationery next year and that the departmental estimate, based on the latest information as to probable demands is Rs. 52,50,000. We are not in a position to question this figure, and this reduction of Rs. 17,65,000 must be set against the savings which we anticipate under other heads.

13. *Charges in Major Administrations*—

	Rs.
1913-14, Actual Expenditure . . .	12,39,696
1921-22, Revised Estimate	30,14,000
1922-23, Budget Estimate	10,14,000

These charges are incurred on stationery stores supplied to officers of the Central Government from the Madras and Bombay Stationery Stores and on printing work done for such officers at the various provincial presses. We understand that steps have been taken :—

(*a*) to restrict all indents on the Bombay and Madras Stationery Stores by monetary allotments, similar to those in force for indentors on the Calcutta Central Stores, and

(*b*) to limit printing at Local Government presses to specific offices, to prohibit work at such presses in the absence of proper sanction and to restrict such printing in accordance with the printing rules restricting indents on the Government of India presses.

Mr. Ascoli anticipated that by these means an annual saving of Rs. 2 lakhs could be effected, but we are informed that the expenditure under this head has actually been increased on account of claims put forward by Provincial Governments for printing work which they previously performed gratuitously. For instance, a sum of Rs. 1,24,000 has to be paid to the Bengal Government in lieu of Rs. 17,000 provided in the Budget. The revised estimate has, therefore, been raised to Rs. 11,98,000. We understand that considerable economy could be effected by standardising the forms used in the Income-tax, Customs, and other Departments and getting them printed at the Central Government Press, and we recommend that this work be undertaken as soon as possible. Meanwhile we consider that some saving should result from the restrictions already introduced and we recommend that the grant for 1923-24 be fixed at Rs. 10,40,000, a reduction of Rs. 1,58,000 on the revised estimate, but an increase of Rs. 26,000 on the budget estimate.

14. *Charges in Minor Administrations*—

The greater part of this expenditure is incurred in the North-West Frontier Province, as shown by the following figures :—

——	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
North-West Frontier Province .	1,09,250	1,54,000	1,88,000
Other Minor Administrations .	44,750	89,000	82,000
TOTAL .	1,54,000	2,43,000	2,70,000

Mr. Ascoli proposed to reduce the size of the North-West Frontier Province press by one-half and to reorganise the whole of the stationery system of the Province and we understand that these proposals have been accepted.

It is also proposed to abolish the small presses in Rajputana and Central India and to amalgamate the Coorg and Bangalore presses. In view of these economies we recommend that the grant for 1923-24 be reduced to Rs. 2,00,000, effecting a saving of Rs. 70,000.

15. *Expenditure in England—*

	Rs.
1913-14, Actual Expenditure . . .	15,80,000
1921-22, Revised Estimate	34,64,000
1922-23, Budget Estimate	27,61,000

This is distributed as follows :—

——	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
Leave allowances . . .	...	18,000	52,500
Stationery supplies from England .	14,97,000	32,40,000	24,73,500
Stationery, printing and bookbinding for the India Office . .	83,000	1,31,000	1,15,000
Stationery, printing and bookbinding for the High Commissioner's office	...	75,000	1,20,000
TOTAL .	15,80,000	34,64,000	27,61,000

As observed in paragraph 11 above, the sum of Rs. 5,00,000 for new machinery was transferred to this head thus raising the provision for "stationery supplies from England" to Rs. 29,73,500 and the total budget estimate to Rs. 32,61,000. We understand that Rs. 2 lakhs out of the Rs. 5 lakhs provided for the purchase of machinery in the current year will probably lapse owing to the holding up of the scheme for reorganization of the Calcutta presses. We are informed that the total expenditure required for this scheme is estimated at Rs. 7 lakhs and that it is proposed to provide Rs. 3 lakhs on this account in the coming year and the remaining Rs. 4 lakhs in subsequent years. Rs. 2 lakhs will also be required next year to complete the Delhi and Simla presses. A total provision of Rs. 5 lakhs is thus required in 1923-24. As this expenditure will make for considerable economy, we do not think that it should be deferred.

16. We have not been able in the time allowed to obtain complete information as to the stocks held at the stationery office, but, judging from the results of our enquiries, it is not improbable that they are excessive and we recommend that the matter be examined with a viewing to reducing next year's indent. Apart from this possible reduction we consider that the demand for English stationery should be reduced by the various economies to which we have referred above, and after making allowance for the fall in prices we recommend that the provision for stationery supplies in 1923-24, exclusive of machinery, be limited to Rs. 15,00,000.

17. We are informed that the provision for leave allowances cannot be reduced next year, but, as we have pointed out in dealing with the estimates for General Administration, there should be a saving of Rs. 40,500 in net expenditure at the India Office and of Rs. 30,000 in the High Commissioner's Office. With the above modifications the grant for expenditure in England in 1923-24 should not exceed Rs. 22,18,000, a reduction of Rs. 5,43,000 on the original estimate for 1922-23 and of Rs. 10,43,000 on the expanded grant.

18. The above recommendations have been discussed with, and generally accepted by, the Industries Department. Their effect will be to reduce the net expenditure in 1923-24 to Rs. 65,27,900, giving a saving on the current year's budget of Rs. 10,28,100, exclusive of any further saving that may be effected by a reduction in the stocks held at the stationery office.

CONCLUSIONS.

Having reviewed the expenditure for Stationery and Printing we recommend that :—

(1) the present system of printing at Government presses be continued, but that the presses be reorganized on the lines recommended by Mr. Ascoli, and the system of costing be revised;

(2) the introduction of the other economies suggested by Mr. Ascoli be expedited, including the reorganization of the Publication Branch;

(3) the press employes be removed from the operation of the fundamental rules for leave purposes and placed under special leave rules;

(4) if satisfactory tenders are not received for a new contract for printing Government forms, fresh tenders be invited for alternative periods of 3, 5, 7 and 10 years;

(5) the forms used in the Departments of Income-tax, Customs, etc., be standardised and printed at the Central Government Press;

(6) the stocks held at the Stationery Office be examined with a view to reduction; and

(7) the provision for 1923-24 be limited to Rs. 65,19,000, effecting a saving of Rs. 10,37,000 in addition to any further saving that may be secured by a reduction of stocks.

MISCELLANEOUS.

The estimates for 1922-23, including a supplementary grant of Rs. 20,000, compare with the revised estimates for 1921-22 and the actual expenditure in 1913-14 as follows :—

	Rs.
1913-14, Actual Expenditure . . .	1,12,57,000
1921-22, Revised Estimate . . .	97,95,000
1922-23, Budget Estimate . . .	69,18,000

2. This expenditure is distributed as follows :—

—	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
Headquarters	84,10,000	9,89,000	10,72,000
Major provinces . . .		33,35,000	27,10,000
Minor administrations . . .	3,97,000	19,43,000	7,79,000
England (Rs. 15 = £1) . . .	74,50,000	35,28,000	23,37,000
Supplementary Grant . . .	...	...	20,000
Total .	1,12,57,000	97,95,000	69,18,000

3. This expenditure is largely of a fluctuating character and a comparison cannot usefully be made between different years. The accounts for 1913-14 included charges on account of civil furlough and absentee allowances which are in the present budget distributed over the appropriate heads of account.

Headquarters Expenditure.

4. The main items included in the provision for expenditure at headquarters during the last two years are the following:—

—	1921-22.	1922-23.
	Rs.	Rs.
Special Commissions of Enquiry	6,39,300	4,95,000
Reserve at the disposal of the Finance Department	...	3,00,000
Local Clearing Office	51,200	70,200
Cost of books and periodicals	79,200	79,200
Rents and taxes	35,000	35,000
Contributions	56,800	35,900
Durbar presents and allowances to Vakils	40,500	28,800
Other charges	87,000	27,900
Total	9,89,000	10,72,000

5. *Special Commissions of Enquiry.*—We are informed that the revised estimate for 1922-23 is Rs. 6,03,400 and the present forecast for 1923-24 Rs. 1,85,000. We attach a statement supplied to us furnishing particulars of the conferences and committees which have been held since 1913-14 to date (Appendix A). Excluding conferences of an all-Empire character in which India bears only a portion of the charge and special enquiries held by a single officer, it appears that the total expenditure from central revenues on 65 Committees during this period has been about Rs. 68 lakhs. We recognise that recourse to Committees is in many cases desirable, but from a perusal of the list, we cannot but feel that their appointment has not in all cases been justified, and that the results obtained have not always been commensurate with the expenditure involved and with the amount of time and labour occupied in the preparation of cases for the Committees and in the subsequent consideration of their reports. We recommend that this elaborate and expensive procedure for the settlement of current problems be resorted to only in exceptional cases.

6. *Reserve at the disposal of the Finance Department.*—This is intended to meet urgent and unforeseen demands for votable expenditure which is subsequently regularised by obtaining supplementary grants from the Assembly. We see no objection to this procedure provided that the total amount of the reserve is small and its use is strictly limited to cases of the nature specified.

7. *Local Clearing Office.*—We are informed that this office was established in July 1920 under the Indian Treaty of Peace Order 1920 and that its main functions are to settle pre-war debts between British nationals in India and enemy nationals, to deal with claims of British Indian nationals in respect of their interests in pre-war enemy territory and to account to German and other clearing offices for the liquidation of enemy property in India; also that part of the cost of the office will be covered by a percentage, estimated to yield Rs. 1 lakh, charged upon claims paid to British nationals. We understand that in July last 2,600 claims had been disposed of and 5,268 were pending, and it is stated that a further two years will be required to dispose of outstanding cases. In paragraph 14 of our report on General Administration we have proposed that this office should be amalgamated with the Peace Treaty Branch.

8. *Other items.*—The cost of books and periodicals, Rs. 79,200, includes payments of Rs. 55,200 to Reuter's Agency under contract and of Rs. 24,000 to the Indian News Agency. The provision of Rs. 35,900 for contributions, includes grants to the Victoria Memorial, Calcutta (Rs. 31,800), and the Goona Agency Local Fund. As this agency has been abolished, this grant will not be required in future years.

EXPENDITURE IN THE MAJOR PROVINCES.

	Rs.
1921-22, Revised Estimate	33,35,000
1922-23, Budget Estimate	27,10,000

9. This expenditure is distributed as follows:—

—	1921-22.	1922-23.
	Rs.	Rs.
Madras	6,06,000	15,000
Bombay	56,000	40,000
Bengal	75,000	48,000
United Provinces	27,000	27,000
Punjab	26,000	33,000
Burma	3,000	3,000
Bihar and Orissa	8,000	7,000
Central Provinces	25,20,000	25,19,000
Assam	14,000	18,000
TOTAL	33,35,000	27,10,000

The main item of expenditure is a payment of Rs. 25 lakhs as quit rent to His Exalted Highness the Nizam for the lease of the province of Berar. We understand that the arrangement under which this charge is borne by the Central revenues forms an integral part of the settlement between the Central Government and the Provinces and is not open to reconsideration while the present settlement is in force. The remaining charges represent miscellaneous payments arising out of the war, which will be reduced in future years, and various compensations to local bazaar funds and States for loss of excise and other revenue. We are informed that most of these payments are of a provincial character and that a revision of the present incidence is under consideration which will probably result in a saving of Rs. 45,000 to Central revenues.

MINOR ADMINISTRATIONS.

	Rs.
1913-14, Actual Expenditure	3,97,000
1921-22, Revised Estimate	19,43,000
1922-23, Budget Estimate	7,79,000

10. This expenditure is distributed as follows:—

—	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
North-West Frontier Province	36,000	1,10,000	1,12,000
Baluchistan	2,04,000	2,22,000	2,34,000
Delhi	35,000	14,67,900	2,78,900
Coorg	13,000	14,230	12,160
Ajmer	16,000	16,170	16,470
Rajputana	22,000	48,220	50,950
Central India	60,000	53,450	62,150
Hyderabad	4,000	2,270	3,770
Bangalore	7,000	9,000	9,030
TOTAL	3,97,000	19,43,240	7,79,430

11. *North-West Frontier Province* (*Rs. 1,12,000*).—The estimate takes into account a reduction of Rs. 1 lakh as part of the lump cut made by the Assembly in the estimates of this administration as a whole. The original provision included Rs. 1,38,000 for miscellaneous and unforeseen charges, the main items being Rs. 88,000 for grain compensation, Rs. 30,000 for a

reserve at the disposal of the Chief Commissioner, and Rs. 10,000 for the regrant of savings in the contract grant. The provision for grain compensation allowance will not be required owing to the fall in prices. We consider that a reserve is unnecessary, and that expenditure not provided for in the budget should be postponed until additional funds can be obtained in the ordinary way. The charges of Rs. 46,000 for petty establishment are mainly on account of copyists and are set off by the copying fees charged which, we understand, have been raised. The provision for Durbar presents should be reduced to the actuals of 1920-21, *i.e.*, Rs. 14,000, saving Rs. 4,000.

12. *Baluchistan* (*Rs. 2,34,000*).—This expenditure comprises compensations of a political character and we make no recommendation.

13. *Delhi* (*Rs. 2,78,900*).—The original estimate was Rs. 3,80,000, but the lump cut of Rs. 1,00,000 made by the Assembly on the estimates of this administration as a whole was provisionally deducted from this head, being subsequently distributed over other heads. The main item is a grant of Rs. 3,10,000 to the Notified Area Committee intended to cover the following expenditure on the upkeep of old Delhi :—

	Rs.
Lighting	50,000
Drainage	47,000
Conservancy	67,000
Roads and other Public Works	1,28,000

We understand that the amount provisionally included in the estimates for 1923-24 is Rs. 3,34,000. It is, in our opinion, questionable whether the Government of India should continue to bear expenditure on this scale on the maintenance of old Delhi in view of the heavy outlay being incurred in developing New Delhi, which, it is said, will be ready for occupation in 1925. We consider that this grant should be progressively reduced, particularly as prices are falling, and should be limited to Rs. 2,50,000 in 1923-24, a saving of Rs. 30,000 on the current year's provision and of Rs. 84,000 on the provisional estimate for 1923-24. As in the case of the North-West Frontier Province, we are of opinion that it is not necessary to maintain a reserve at the disposal of the Chief Commissioner and a further saving of Rs. 15,000 should be made.

14. *Rajputana* (*Rs. 50,950*).—The bulk of this expenditure is required for the payment of compensation to the Kishangarh and Sirohi Durbars.

15. *Other Administrations.*—We make no recommendation with regard to the small expenditure in other areas.

Expenditure in England.

	Rs.
1913-14, Actual Expenditure	74,50,000
1921-22, Revised Estimate	32,28,000
1922-23, Budget Estimate	23,37,000

16. This is subdivided as follows :—

	£
Expenditure under control of Secretary of State	128,600
Expenditure of High Commissioner	27,200
Total	155,800
Rupee equivalent at Rs. 15 = £1	Rs. 23,37,000

The main items are —

	£
Contribution towards expenses of Secretariat of League of Nations	76,000
Examination for I. C. S., etc.	2,400
International Labour Conference	6,000
Indian Delegates to League of Nations	4,000
Secret Service Money	8,000
Officers specially employed	11,000
Commission on freight of stores and dock dues	6,900
Leave allowances	3,200
Copies of Taswir-i-Akhbar	5,200

Particulars of some of these items were communicated to us by telegram and we have no detailed information with regard to them.

We have ascertained that the estimate for 1923-24 for expenditure in England is Rs. 15,57,000, a reduction of Rs. 7,80,000.

GENERAL.

We understand that the estimate at present put forward for the total expenditure under the head Miscellaneous in 1923-24, including expenditure in England, is Rs. 56,93,000, a reduction of Rs. 12,25,000 on the estimates of 1922-23. The reductions which we have suggested in the expenditure provided for in this estimate amount to Rs. 1,78,000 and we recommend that the total grant be reduced to Rs. 55,15,000, a saving of Rs. 14,03,000.

CONCLUSIONS.

Having reviewed the expenditure under the head Miscellaneous we recommend that:—

(1) large Commissions and Committees of Enquiry be appointed only in exceptional circumstances, and

(2) the provision under this head be limited to Rs. 55,15,000, saving Rs. 14,03,000.

APPENDIX A.

Statement showing the cost and other particulars of Commissions, etc., from 1913-14 to 1922-23 inclusive.

Name of Committee.	Cost.	Whether appointed by Government or at the instance of the Legislature.	Remarks of the Departments.
Home Department.	Rs.		
1. Jails Committee, 1920-21.	2,28,113	Appointed at the instance of the late Legislative Council.	Acceptance of recommendations will lead to large increase of expenditure which will fall on provincial revenues except in case of Delhi, N. W. F. P. and the Andamans. No estimate of the future increased expenditure can be given. The abolition of the Andamans as a penal settlement as a result of this report will ultimately result in a substantial saving to central revenues but an estimate is impossible at present.
2. Komagata Maru Enquiry Committee, 1914-15.	29,823	Government . .	No financial issue involved.
3. Sedition Committee, 1918.	89,619	Government . .	
4. Disorders Enquiry Committee, 1919-20.	85,359	Government . .	
5. Repressive Laws Committee, 1921.	15,000	Legislature . .	
6. Press Laws Committee (Not included in Demand No. 44).	15,000	Legislature . .	
7. Arms Rules Committee, 1922 (Not included in Demand No. 44).	17,991	Legislature . .	If the recommendations are accepted revenue is likely to decrease on account of certain reductions in fees. This may be counterbalanced, however, by an increased number of applications for licenses.
8. Railway Police Committee, 1921.	1,78,132	Government . .	The reorganization of the watch and ward establishment is being taken in hand by all principal Railways, but its effect will not be visible for a little time yet. An ultimate saving of expenditure is anticipated, *e.g.*, by way of reduction of cost of claims and compensation.
9 Committee for considering minimum pay of girl clerks in Government Offices, Simla, 1916.	*Nil*	Government . .	No expenditure was incurred on this Committee. Extra expenditure involved as a result of the recommendations of this Committee was Rs. 14,000 a year so far as the Government of India Secretariat was concerned. This extra expenditure ceased on the introduction of the time-scale on 1st December 1919. The extra expenditure incurred by attached offices is not known.
10. Committee for considering the memorials of the Government of India Secretariat Establishments regarding pay and allowances, 1919.	*Nil*	Government . .	No expenditure was incurred on this Committee. Extra expenditure involved was estimated to be Rs. 4,50,000. The extra expenditure involved as a result of the grant of an additional fare at the time of the move between Simla and Delhi was not worked out and there are no data now available for working it out.
11. Royal Commission on Public Services in India.	10,52,385	Government . .	The extra expenditure involved both provincial and central as a result of the recommendations of the Commission was estimated, at Rs. 6,68,60,000 a year (excluding expenditure due to revision of pay of Postmasters General, future non-I. M. S. entrants to the Bacteriological and Sanitary Departments, Survey of India and pensions of the Bengal Pilot Service).
12. Law Officers' Committee, 1916.	33,897	Government . .	Acceptance of recommendation has resulted in increase of expenditure by about Rs. 8,806 per annum.
13. Criminal Procedure Code Revision Committee, 1916.	40,938	Government . .	No question of savings or expenditure.

Name of Committee.	Cost.	Whether appointed by Government or at the instance of the Legislature. c	Remarks of the Departments.
Home Department—contd.	Rs		
14. Racial Distinctions Committee, 1921.	33,000	Legislature . .	Recommendations still under consideration. Estimate of savings or expenditure cannot be given.
15. Reforms Committees, 1918-19.	6,29,221	Government . .	The Reforms have resulted in increased expenditure to the extent of about Rs. 46 lakhs.
16. Secretariat Procedure Committee, 1920-21.	39,701	Government . .	As a result of the recommendations of this Committee a saving of about Rs. 6,54,716 is said to have been affected and more is expected but the estimate of savings cannot be arrived at.
Railway Department.			
17. Acworth Committee (Departmental) (Not included in Demand No. 44).	4,44,564	On the initiative of the Secretary of State.	It is impossible to say what the actual monetary result of carrying out this Committee's recommendations is likely to be as they have not yet been fully considered.
18. Railway Finance Committee.	67,916	Legislature . .	This Committee was the direct outcome of certain recommendations of the Acworth Committee. As a result of its deliberations an annual programme of Rs. 30 crores capital outlay during the 5 years commencing from 1922-23 was adopted.
19. Railway Risk Note Committee (Not included in Demand No. 44).	4,186	Legislature . .	It is not possible to fix any money value but it is possible that the recommendations, if adopted, may lend to an increase of expenditure in payment of claims.
20. Railway Accounts Committee (Departmental) (Not including in Demand No. 44).	68,050	Government . .	Report is at present under consideration. The Committee was appointed with the object of improving the procedure of accounting, audit and apportionment of earnings. Some reduction of recurring expenditure is anticipated owing to the extended use of machinery for calculation, etc.
21. Railway Depreciation Fund Committee (Not included in Demand No. 44).	30,000	Government . .	This Committee is at present carrying out investigations, the object of which is to provide a basis for a regular programme of renewals in order that depreciation may be systematically provided for and deterioration of the property effectually prevented in future.
22. Railway Statistics Revision Committee (Not included in Demand No. 44).	26,000	Government . .	This Committee is at present carrying out investigations. It is hoped that the result will be a sensible reduction of the present volume of statistics combined with greater efficiency and less cost. It is not possible at present to say what saving is likely to be affected.
Public Works.			
23. Telegraph Committee, 1920.	3,566	Government . .	These Committees have all resulted in an increase of expenditure.
24. Postal Committee, 1920	68,673	Legislature . .	It is stated that an estimate of the present and ultimate extent of the additional expenditure involved cannot be supplied. The *average* annual increase, however, is approximately as given below :— (*i*) Telegraph Committee, 1920—Rs. 34,76,172. (*ii*) Postal Committee, 1920—Rs. 1,40,15,230. (*iii*) Telegraph Committee, 1921—Rs. 1,08,944. (*iv*) Postal Committee, 1921—Rs. 82,217.
25. Telegraph Committee, 1921.	5,300	Government.	
26. Postal Committee, 1921 (Not included in Demand No. 44).	44,575	Government.	

Name of Committee.	Cost.	Whether appointed by Government or at the instance of the Legislature.	Remarks of the Departments.
Public Works—contd.	Rs.		
27. Public Works Department Reorganisation Committee, 1916-17.	1,19,448	Government . .	The principal recommendations made by the Public Works Department Reorganisation Committee were in favour of the transfer of some of the public works then executed by the Roads and Buildings Branch of the Department to the control of local bodies and the encouragement of private enterprise to undertake the construction of works of this nature on behalf of Government. These recommendations were based on administrative rather than economic grounds and no immediate saving of importance was anticipated. Before action was taken on the report the introduction of the Reforms and the "transfer" of roads and buildings removed these questions to a very large extent, from the immediate purview of the Central Government, and it has been left to Local Governments to take such action on the recommendations as may appear suitable.
28. New Capital Enquiry Committee, 1922.	14,350	Government . .	The Report of the New Capital Enquiry Committee contains certain proposals for economy, but it is said to be impossible to give definite figures as economy and rapidity of completion are closely allied in this case, and it was to the latter aspect that the Committee chiefly devoted its attention.
Army Department.			
29. Transports Claims Committee.	55,436	Government . .	The Committee was appointed to enquire into claims arising out of the impressment of steamers in Indian waters. The Committee only defined the general principles for the admission of claims. The expenditure involved in the payment of such claims was debitable to His Majesty's Government and Indian Revenues were not affected.
30. Special Commission on the operations in Mesopotamia.	80,160	Government . .	The appointment of this Commission led to increased expenditure, but it is not possible to estimate its amount even approximately.
31. Medical Service Committee, 1919.	185	Government . .	This Committee was appointed in 1919 to examine and report on the question of the future reorganisation of the Medical Services in India, both Civil and Military, and the desirability of having a unified Medical Service for India. The Committee's recommendations extended over the whole range of medical services, both Civil and Military, and entail extra expenditure of which no estimate can be framed now.
Department of Education and Health.			
32. Post-graduate Teaching Committee.	4,693	Government . .	This Committee was appointed to inquire into the arrangements for post-graduate teaching in the Calcutta University. It produced no financial effect on Central Revenues, for on the appointment of the Calcutta University Commission the whole question of granting the University any financial assistance in connection with the Committee's recommendations was postponed.
33. Conference on English Teaching in Secondary Schools.	8,392	Government . .	The recommendations of the Committee were confined to administrative matters which involved no apparent financial commitments.

Name of Committee.	Cost.	Whether appointed by Government or at the instance of the Legislature.	Remarks of the Departments.
Department of Education and Health—contd.	Rs.		
34. Calcutta University Commission.	3,69,661	Government . .	The Committee's recommendations did not throw any additional burden on Central Revenues, for before they could be acted on the Calcutta University was placed under the control of the Government of Bengal.
35. Indian Students' Committee.	1,77,045	Legislature . .	The report of the Committee has just been received from England and it is not therefore possible to forecast at present what, if any, will be the financial effect of the recommendations made therein in so far as Central Revenues are concerned.
36. Local Self-Government Committee.	22,005	Secretary of State .	The Committee's recommendations related to a provincial transferred subject and had no effect on the Central Revenues.
Commerce Department.			
Life Saving Appliances Committee.	38,021	Government . .	The Indian Telegraphy (Shipping) Act passed in 1920 is the outcome of one of the recommendations of the Committee. It necessitates the employment of wireless telegraphy inspectors for the purpose of seeing that a ship visiting an Indian port is properly provided with a wireless telegraph installation and certificated operators and watchers. Financial stringency has compelled the Government of India to limit their commitments to the barest minimum and they have for the present year arranged to provide part-time officers only at Bombay and Rangoon and a full-time officer at Calcutta. It is, however, obviously important, if the chances of disaster at sea are to be minimised, for the Government of India to make arrangements for full-time officers at the 5 principal ports at least and this will involve an expenditure of between Rs. 35,000 to Rs. 40,000 *per annum*. The question of levying fees for inspections to meet this expenditure is under consideration. The other recommendations of the Committee, if accepted by Government, may necessitate some increase in the surveying and inspection staff.
38. Weights and Measures Committee.	85,376	Government . .	Weights and Measures being now a provincial subject, the question of saving or increase of expenditure in Central Revenues does not therefore arise.
39. Industrial Alcohol Committee.	8,839	Government . .	Sanctioned during 1921-22 for conducting experiments in connection with power alcohol as suggested by the Committee. If the recommendations of the Committee regarding the appointment of a Central Expert Adviser are accepted by Government they may ultimately lead to an increase in expenditure which it is difficult to estimate at present.
40. Deck Passengers' Committee.	59,934	Government . .	If the recommendation of the Committee for the appointment of a central inspecting authority is accepted by Government it is proposed to meet the expenditure by enhancing present fees for "A" certificates and levying a fee for "B" certificates.
41. Indian Fiscal Commission.	3,33,000	Legislature . .	The recommendations of the Commission are under consideration.
42. Mercantile Marine Committee.	1,00,000	Legislature . .	.....

Name of Committee.	Cost.	Whether appointed by Government or at the instance of the Legislature.	Remarks of the Departments.
Department of Revenue and Agriculture.	Rs.		
43. Conference on agricultural education . .	1,183	Government . .	This Committee was appointed in June 1917. It did not lead to any saving or additional expenditure.
44. The Indian Sugar Committee.	2,70,345	Government . .	No expenditure has so far been incurred by the Central Government as a result of the recommendations of the Indian Sugar Committee. The Committee, however, recommended (*a*) The establishment of a Government Sugar Factory - Capital cost Rs. 59,00,000 estimated to bring in a profit of Rs. 15,83,200 (26·83 per cent.) or Rs. 5,56,400 (9·43 per cent.) according as the price of sugar varied between Rs. 20 and Rs. 12 per maund. (*b*) Establishment of a Central Sugar Research Institution, with sub-stations, a Sugar School and Sugar Board. Initial cost Rs. 35½ lakhs. Recurring cost Rs. 12 lakhs. (*c*) Reorganisation and expansion of the Coimbatore Cane-breeding Station. This is included in (*b*) above, but the Agricultural Adviser has estimated the cost of this proposal, treated separately, as Initial Rs. 1,04,000. Recurring Rs. 60,000.
45. The Committee on Co-operation in India.	1,90,147	Government . .	The Committee on co-operation was appointed in 1914 on the initiative of Government and cost Rs. 1,90,147. As far as Minor Administrations are concerned it cannot be said that any saving or increase in the expenditure incurred on the supervision of the co-operative movement is directly due to the recommendations of the Committee. Such small increase in expenditure as has taken place during the last few years, is due to the normal expansion of the movement.
46. Deputation of certain officers to British Guiana.	46,630	Legislature . .	It is not possible to say whether the recommendations of the deputation involve extra expenditure since no decision has been arrived at on the Reports. The Fiji deputation suggest the appointment of an Indian Trade Commissioner for the S. Pacific at Sydney with an assistant at Fiji. No saving of expenditure is anticipated as a result of these commissions.
47. Deputation of certain officers to Fiji.	72,250	Legislature . .	
48. Deputation of Right Hon'ble V. S. Sastri.	60,000	Government at the suggestion of the Secretary of State.	
Industries Department.			
49. Coal Conservation Committee.	46,978	Government . .	The recommendations of the Committee are still under consideration and no decision can be arrived at until Government have more definite information as regards the available supplies of high grade coal.
50. Boiler Laws Committee	72,917	Government . .	Under the Devolution Rules legislation relating to Boilers is a central subject and as revision and consolidation of the existing laws on the subject is overdue, the Committee was appointed to examine existing provincial laws in local consultation with the Governments and interests concerned, frame a new bill and draft the necessary regulations thereunder. The recommendations of the Committee involve no expenditure or savings to the Central Government.

Name of Committee.	Cost.	Whether appointed by Government or at the instance of the Legislature.	Remarks of the Departments.
Industries Department—contd.	Rs.		
51. Press Committee	15,000	Legislature	The Committee was appointed to enquire into the grievances of piece-workers employed in the Government of India Presses and to propose remedies. The recommendations of the Committee are still under consideration.
52. Stores Purchase Committee.	1,61,350	Government	The Committee was appointed in pursuance of a recommendation made by the Industrial Commission to work out the detailed organisation for an agency for the purchase and inspection of stores for Government Departments in India. The Committee unanimously recommended the constitution of an expert agency for the purchase and inspection of stores and as a result a nucleus of the Indian Stores Department has now been organised. The budget estimate for the department for the current year is Rs. 3,66,950 and when fully organised it is estimated to cost Rs. 24 lakhs and to bring in revenue in the shape of departmental charges, fees for inspection and testing and miscellaneous receipts of nearly the same amount.
53. Indian Industrial Commission.	3,03,909	Legislature.	This Commission was appointed for the purpose of considering the best methods by which India might be developed industrially. There could therefore be no question of its effecting savings in public expenditure. On the contrary, a judicious increase in expenditure was obviously to be an essential feature of its recommendations. At the same time, the object of such expenditure was eventually to produce greater wealth and, incidentally to add to public revenues. It is quite impossible to give an estimate of the additional expenditure which is at present being incurred as a result of the Industrial Commission. The creation of a permanent department of Industries was one of the principal recommendations made by the Commission, which also included *inter alia* the appointment of (1) the Coal Field Committee, (2) Boiler Laws Committee, (3) Stores Purchase Committee, (4) Chemical Services Committee, (5) Creation of a permanent department of Industries, (6) Publication of the Journal and Bulletins of Indian Industries and Labour and (7) Establishment of a School of Mines and Geology at Dhanbad. The major portion of the Industrial Commission's recommendations which involved additional expenditure concerned the provinces much more than the Central Government under the division of functions inaugurated with the Reforms Scheme.
54. The Chemical Services Committee.	1,51,154	Government	This Committee was appointed on the recommendation of the Indian Industrial Commission. No expenditure has been caused by its recommendation excepting the sum of about Rs. 1,08,000 which was spent on the acquisition of land at Dehra Dun, for the establishment of a Central Research Institute.

Name of Committee.	Cost.	Whether appointed by Government or at the instance of the Legislature.	Remarks of the Departments.
Industries Department—concld.	Rs.		
55. Enquiry into the administration of the Indian Institute of Science, Bangalore.	30,104	Government . .	As a result of the recommendations of the Committee the Government of India made two non-recurring grants of Rs. 2 lakhs each in 1913-14 and 1914-15 to improve the finances of the Institute and also met the expenditure in connection with the formation of the Committee which amounted to about Rs. 30,000. No recurring expenditure by the Government of India was involved.
56. The Railway Industries Committee.	*Nil*	Legislature . .	The Committee has not yet concluded its deliberations and it is not possible to say what will be the financial effect of its recommendations.
Finance Department.			
57. Royal Commission on Indian Finance.	1,20,382	By a Royal Warrant.	From the nature and scope of the Committees, the question of any resultant saving or increase of expenditure does not arise.
58. Indian Currency Committee.	2,38,163	Secretary of State for India.	
59. Financial Relations Committee.	42,148	Government . .	
60. Government Securities Committee.	8,600	Legislature . .	
61. Retrenchment Committee.	1,62,000	Legislature . .	This estimate which is not quite complete includes about Rs. 65,000 representing the cost of preliminary investigations in India.
Foreign and Political Department.			
62. Chiefs' College Conference.	15,909	Government . .	The recommendation of the Conference was for the establishment of an institution for the higher education of boys from the Chiefs' Colleges. The proposal has, however, not yet materialised, and there is therefore no question of a saving or increase of expenditure resulting therefrom.
63. China-Tibet Conference	38,180	Government . .	.....
64. Special Committee in connection with the question of future administration of Ajmer-Merwara.	6,238	Government . .	As no final decision has yet been arrived at as regards the conclusions of the Committee, the resultant saving or increase of expenditure cannot be stated now.
65. North-West Frontier Committee.	32,000	Legislature . .	The recommendations of the Committee are still under consideration; if those of the majority are accepted they would involve an increase in recurring expenditure of Rs. 1,13,162 as detailed below :—
			Rs.
			Reforms—Pay of Minister and allowances of members . . . 42,500
			Additional Judicial Commissioner and establishment . . 43,782
			Eventual extra cost of officers obtained from the Punjab . . 26,880
			1,13,162
			There will also be an initial expenditure of Rs. 6,000 for books and furniture.
TOTAL £	68,12,000		

ADJUSTMENTS WITH PROVINCIAL GOVERNMENTS.

	Rs.
1913-14, Actual Expenditure	59,74,000
1921-22, Revised Estimate	76,38,000
1922-23, Budget Estimate	63,29,000

The main items included under this head are Rs. 45,74,000 paid to Burma and Rs. 14,00,000 paid to Assam towards the cost of the military police in those provinces. We are informed that the principle underlying these payments is that the Central Government is responsible for the defence of India, and that the present allocation of the cost of military police between the Central Government and the two Provincial Governments concerned is based generally on the recommendation of the Financial Relations Committee of 1920 with reference to the proportion of the military police in Burma and Assam required for the defence of the frontier and for ordinary police duties respectively.

2. This general arrangement must be regarded as part of the settlement between the Central Government and the two provinces in question as a whole. We understand, however, that in the case of Assam it has been arranged that the amount of Rs. 14 lakhs now paid towards the cost of Assam Frontier Military Police should be a permanent fixed assignment not to be increased save in the event of a sixth battalion being formed with the sanction of the Government of India. We are informed that the question of arriving at a similar settlement with the Burma Government is under consideration. It is clearly desirable, where establishments are administered by a Provincial Government, to limit the liabilities of Central Government as far as possible, and we recommend that steps should be taken to come to a settlement with the Burma Government in this matter at an early date. In the settlement due account should be given to the cost of the military police, which, we are informed, is about Rs. 26 lakhs for police actually employed on the frontier and Rs. 7 lakhs for police borne on the political estimates.

CONCLUSION.

. The expenditure under the head of " Adjustments with Provincial Governments ", is mainly obligatory in character, but we recommend that steps should be taken to determine the amount of the assignment to be made to Burma towards the cost of the Burma Military Police, and to place this on a fixed basis.

PART IX.

EXPENDITURE IN THE MINOR ADMINISTRATIONS DIRECTLY UNDER THE GOVERNMENT OF INDIA.

The administrations directly administered by the Central Government, and the expenditure on which is borne by Central revenues are the following :—

(*a*) two Frontier Administrations, namely, the North-West Frontier Province and Baluchistan,

(*b*) three districts, namely, the Delhi enclave, Ajmer-Merwara and Coorg,

(*c*) the Andamans Penal Settlement and the Nicobar Islands, and

(*d*) certain Political Residencies and Agencies, and administered areas such as cantonments, etc., in Indian States.

2. We have in dealing with expenditure under the various heads of account discussed also the expenditure incurred in the minor administrations. It is, however, necessary, in order to obtain a conspectus of the financial position of each administration as a whole, to bring together in one place particulars of its expenditure and revenue. A similar course is adopted in presenting to the Legislative Assembly the budget estimates and the demands for grants.

3. The estimates of the total expenditure and revenue in all minor administrations for 1922-23 compare with the revised estimates for 1921-22 and the actual expenditure and revenue for 1913-14 as follows :—

	Expenditure.	Revenue.
	Rs.	Rs.
1913-14, Actuals . . .	2,89,15,000	1,11,23,000
1921-22, Revised Estimates .	4,99,55,000	2,12,37,000
1922-23, Budget Estimates .	5,76,71,000	2,14,82,000

The expenditure and revenue shown above is subdivided as follows :—

Administration.	1913-14.		1921-22.		1922-23.	
	Expenditure.	Revenue.	Expenditure.	Revenue.	Expenditure.	Revenue.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
North-West Frontier Province . .	1,22,41,000	47,53,000	2,03,75,000	62,89,000	2,77,21,000	73,40,000
Baluchistan . .	53,17,000	16,07,000	85,14,000	21,93,000	87,61,000	22,64,000
Delhi . . .	33,99,000	14,91,000	67,00,000	31,39,000	66,18,000	32 57,000
Coorg . . .	9,25,000	10,73,000	16,04,000	13,65,000	16,33,000	14,36,000
Ajmer-Merwara .	9,09,000	10,50,000	15,13,000	17,08,000	15,33,000	17,37,000
Andamans . . .	20,54,000	8,84,000	51,52,000	13,31,000	50,58,000	16,10,000
Rajputana . .	12,18,000	15,59,000	21,90,000	17,28,000	20,56,000	16,08,000
Central India . .	15,89,000	7,28,000	22,55,000	11,86,000	22,02,000	11,75,000
Hyderabad . .	6,57,000	1,02,000	7,27,000	99,000	6,59,000	90,000
Bangalore . .	6,05,000	—21,24,000*	9,25,000	21,99,000	14,30,000	9,65,000*
Total .	2,89,15,000	1,11,23,000	4,99,55,000	2,12,37,000	5,76,71,000	2,14,82,000

* The minus figure shown against revenue for Bangalore in 1913-14 represents the gross revenue less a payment of Rs. 30 lakhs made out of general revenues under an arrangement by which a share of the surplus revenue is made over to the Mysore Durbar. A similar deferred adjustment accounts for the reduced figures in 1922-23.

4. Particulars of expenditure in each minor administration under the more important heads, and of the reductions which we recommend under each head, are shown in Appendix A.

We now deal with the various administrations seriatim :—

North-West Frontier Province.

	Expenditure.	Revenue.
	Rs.	Rs.
1913-14, Actuals . . .	1,22,41,000	47,53,000
1921-22, Revised Estimates .	2,03,75,000	62,89,000
1922-23, Budget Estimates .	2,77,21,000	73,40,000

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5. The great increase in the cost of this administration has attracted much attention in the Legislature and elsewhere and a local Retrenchment Committee was appointed to consider possibilities of effecting economies. Of the total increase of Rs. 1,54,80,000, no less than Rs. 1,35,22,000 has occurred under the following four heads :—

—	1913-14.	1922-23.
	Rs.	Rs.
Political	31,50,000	1,18,51,000
Police	17,05,000	47,78,000
General Administration . . .	5,93,000	17,38,000
Education	4,98,000	11,05,000
TOTAL .	59,46,000	1,94,72,000

The increase under ' Political ' and ' Police ' is mainly due to special measures adopted for the defence of North-West Frontier and has been examined in our reports on those heads. The local Retrenchment Committee has recommended reductions amounting to Rs. 11 lakhs under these and other heads and has also made suggestions for increasing the revenue. We have taken these proposals into account in our recommendations summarised in Appendix A.

6. Even, however, with the total saving of Rs. 36,02,000 which we propose and with such additional revenue as it is possible to obtain under excise, stamps and other heads, this administration must inevitably continue to be a heavy charge on the general revenues of India in view of its situation on the most vulnerable part of India's frontier. We consider that steps should be taken to restrict this liability as far as possible and that this can best be done by making a settlement for a period of years with the North-West Frontier Province on the lines of the settlements formerly in force in the Major Provinces. As basis of such a settlement, we recommend that—

(*a*) the political charges which relate entirely to the trans-frontier areas and also special charges, such as those for the construction of the important new frontier roads, be borne by the Central Government;

(*b*) the remaining revenue and expenditure of the Province be assessed and a fixed recurring assignment made from Central revenues sufficient to cover the deficit as so estimated ;

(*c*) the Province be provided with a small fixed lump sum grant as a working balance; and

(*d*) the Province be then required to work within its income as so fixed by restricting expenditure, or in the alternative by increasing its revenues.

BALUCHISTAN.

	Expenditure.	Revenue.
	Rs.	Rs.
1913-14, Actuals . . .	53,17,000	16,07,000
1921-22, Revised Estimates . .	85,14,000	21,93,000
1922-23, Budget Estimates . .	87,61,000	22,64,000

7. The increase in the cost of this Administration is said to be attributable, as in the case of the North-West Frontier Province, mainly to the disturbed condition of the Frontier. Of the total increase in expenditure

of Rs. 34,44,000 since 1913-14, Rs. 25,15,000 has occurred under the Political and Police heads as shewn below :—

	1913-14.	1922-23.
	Rs.	Rs.
Political	24,15,000	42,25,000
Police	5,11,000	12,16,000
TOTAL .	29,26,000	54,41,000

We have recommended reductions in expenditure to the extent of Rs. 4,33,000, and we further recommend that a regular settlement be entered into by the Central Government with Baluchistan for a period of years on the lines recommended for the North-West Frontier Province.

DELHI.

	Expenditure.	Revenue.
	Rs.	Rs.
1913-14, Actuals . . .	33,99,000	14,91,000
1921-22, Revised Estimate .	67,00,000	31,39,000
1922-23, Budget Estimate .	66,18,000	32,57,000

8. Of the total increase of Rs. 32 lakhs in expenditure since 1913-14, about Rs. 14 lakhs has occurred under Civil Works and Rs. 4 lakhs each under Education and Police. The total savings which we have recommended amount to Rs. 4,16,000.

Expenditure to the extent of Rs. 33,37,000, or more than half of the total cost of Delhi administration, is incurred under the head civil works. The bulk of this expenditure, as also a portion of the expenditure on police, is due to the fact that Delhi is the headquarters of the Central Government and it appears that but for this fact this administration would be practically self-supporting. Steps have been taken to increase the stamp revenue and it should also be possible to increase the excise revenue as we have indicated under that head.

COORG.

	Expenditure.	Revenue.
	Rs.	Rs.
1913-14, Actuals . . .	9,25,000	10,73,000
1921-22, Revised Estimate .	16,04,000	13,65,000
1922-23, Budget Estimate .	16,32,000	14,36,000

9. Of the total increase of about Rs. 7 lakhs in the cost of this administration, Rs. 3,65,000 is incurred under forests. We understand that portion of this represents expenditure of a capital nature on the development of the Coorg forests from which a substantial increase in revenue is anticipated. A special enquiry was made during the year into the cost of the administration of Coorg and the officer deputed has recommended eventual reductions to the extent of Rs. 1,75,000. We have recommended immediate savings to the extent of Rs. 1,66,000 for 1923-24, and it is estimated that in that year revenue will exceed expenditure by more than Rs. 2½ lakhs. A suggestion has been made that Coorg should be attached to a neighbouring province, but in view of the possibility of a substantially enhanced revenue under forests, we see no necessity on financial grounds for the adoption of this course.

AJMER-MERWARA.

	Expenditure.	Revenue.
	Rs.	Rs.
1913-14, Actuals . . .	9,09,000	10,50,000
1921-22, Revised Estimate .	15,13,000	17,08,000
1922-23, Budget Estimate .	15,35,000	17,37,000

10. We have recommended economies to the extent of Rs. 40,600. We have, however, been unable, in the time available, to go into details in the case of this small but expensive administration, and we recommend that special enquiry should be made on the spot with a view to effect immediate reductions of establishment as was done in the case of Coorg.

Andaman and Nicobar Islands.

	Expenditure.	Revenue.
	Rs.	Rs.
1913-14, Actuals . . .	20,54,000	8,84,000
1921-22, Revised Estimate .	51,52,000	13,31,000
1922-23, Budget Estimate .	50,58,000	16,10,000

11. The bulk of the expenditure is incurred on the convict settlement, Rs. 35 lakhs, and forests, Rs. 14 lakhs, and has been examined under the relative heads. A reduction of Rs. 4,43,000 is proposed under the former head in 1923-24.

Rajputana.

	Expenditure.	Revenue.
	Rs.	Rs
1913-14, Actuals . .	12,18,000	15,59,000
1921-22, Revised Estimate .	21,90,000	17,28,000
1922-23, Budget Estimate .	20,56,000	16,08,000

12 We have recommended reductions to the extent of Rs. 1,76,000 but we think it very desirable that a further local enquiry should be made as proposed in the case of Coorg, *vide* paragraph 10. In particular, the heavy expenditure on civil works seems to require investigation. The bulk of the revenue, namely, Rs. 14,42,900 is on account of tributes.

Central India.

	Expenditure.	Revenue.
	Rs.	Rs.
1913-14, Actuals . . .	15,89,000	7,28,000
1921-22, Revised Estimate .	22,55,000	11,86,000
1922-23, Budget Estimate .	22,02,000	11,75,000

13. We have recommended reductions amounting to Rs. 30,000 but here also we consider that a further local enquiry into the expenditure including civil works, is very desirable. Of the receipts, about Rs. 5 lakhs represent tributes.

Hyderabad.

	Expenditure.	Revenue.
	Rs.	Rs.
1913-14, Actuals . . .	6,57,000	1,02,000
1921-22, Revised Estimate .	7,27,000	99,000
1922-23, Budget Estimate .	6,59,000	90,000

14. We have recommended reductions amounting to Rs. 18,500. It may be noted that Rs. 1,33,000 of the expenditure is on account of pensions.

Bangalore.

	Expenditure.	Revenue.
	Rs.	Rs.
1913-14, Actuals . . .	6,06,000	—21,24,000
1921-22, Revised Estimate .	9,25,000	21,99,000
1922-23, Budget Estimate .	14,30,000	9,65,000

15. The minus figure under revenue in 1913-14 is due to a deduction from gross revenue of a sum of Rs. 30 lakhs paid out of general revenues under an arrangement by which a share of the surplus revenues is made over to the Mysore Durbar. A similar payment of Rs. 12 lakhs provided for in 1922-23 accounts for the apparent reduction in receipts in 1922-23. The cost of the administration of the Civil and Military Station of Bangalore is met from the revenues of the assigned tract and the balance after providing for developments and improvements is, under arrangement, paid over to the Mysore Durbar. In normal years the expenditure is more than covered by the revenue and we make no recommendation.

CONCLUSIONS.

We have made elsewhere our recommendations regarding reductions in expenditure in the Minor Administrations but we further recommend that:—

(1) a settlement be entered into for a period of years with the North-West Frontier Province and Baluchistan and these Administrations be required to work within their revenues as so fixed, and

(2) special enquiries be made locally into the cost of the administration of Ajmer-Merwara, Rajputana and Central India, with a view to effecting further reductions.

APPENDIX A.

Particulars of expenditure in the minor administrations under the main heads for 1913-14 (Actual Expenditure), 1921-22 (Revised Estimate) and 1922-23 (Budget Estimate) and of the reductions proposed in the report.

NORTH-WEST FRONTIER PROVINCE.

Head of Account.	1913-14.	1921-22.	1922-23.	Savings proposed.
	Rs.	Rs.	Rs.	Rs.
Land Revenue	4,97,000	4,85,600	5,26,000	1,68,000
Forests	1,31,000	6,77,000	7,50,000	...
Irrigation (Interest on debt, etc.)	7,04,000	10,29,000	10,27,000	...
General Administration	5,93,000	17,27,000	17,38,000	...
Administration of Justice	4,70,000	4,31,000	4,58,000	30,000
Jails	2,10,000	6,05,000	5,58,000	25,000
Police	17,05,000	53,10,000	47,78,000	19,000
Political	31,60,000	49,03,000	1,18,51,000	26,27,000
Education	4,88,000	11,85,000	11,05,000	1,66,000
Civil Works	34,85,000	25,00,000	32,05,000	...
Other heads of account	8,00,000	15,00,000	17,25,000	5,67,000
TOTAL	1,22,41,000	2,03,75,000	2,77,21,000	36,02,000*

*Includes a reduction of Rs. 2,18,000 in working expenses proposed in the Report on Irrigation.

NOTE 1.—The expenditure on irrigation shewn above includes only interest charges and miscellaneous minor works. The expenditure on working expenses is shewn by deduction from gross revenue. Including working expenses the total irrigation expenditure and revenue for these years is :—

	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
Working expenses	3,04,000	10,91,000	10,86,000
Interest	6,51,000	9,39,000	9,51,000
Miscellaneous	53,000	90,000	76,000
Gross Expenditure	10,08,000	21,20,000	21,13,000
Gross Revenue	9,25,000	19,02,000	19,24,000

2. The estimates under General 'Administration' for 1922-23 take into account a lump deduction of Rs. 2 lakhs to meet the general cut made by the Assembly. Savings to this extent have been proposed and it is recommended in the report that the expenditure for 1923-24 should be limited to the reduced estimate for 1922-23. Similarly, under the head 'Education' a lump cut of Rs. 2 lakhs is taken into account in the estimate for 1922-23 and further reductions to the amount of Rs. 1,66,000 are proposed in the report. The estimate for the Police expenditure in 1922-23 also takes into account a provisional reduction of Rs. 7,91,000 towards meeting the cut made by the Assembly. The report proposes that further reductions of Rs. 19,000 should be effected.

BALUCHISTAN.

Head of Account.	1913-14.	1921-22.	1922-23.	Savings proposed.
	Rs.	Rs.	Rs.	Rs.
Land Revenue	2,45,000	3,38,000	3,61,000	31,000
Irrigation	3,26,000	57,000	58,000	...
Interest on debt	...	2,69,000	2,69,000	...
Police	5,11,000	11,63,000	12,16,000	...
Political	24,15,000	36,55,000	42,25,000	2,91,000
Education	1,07,000	1,98,000	2,72,000	34,000
Medical and Public Health	1,01,000	2,91,000	3,47,000	57,000
Civil Works	11,62,000	13,78,000	12,94,000	...
Famine Relief	...	4,30,000	...	...
Other heads of account	4,50,000	7,35,000	7,19,000	20,000
TOTAL	53,17,000	85,14,000	87,61,000	4,33,000

DELHI.

Head of Account.	1913-14.	1921-22.	1922-23.	Savings proposed.
	Rs.	Rs.	Rs.	Rs.
General Administration	1,85,000	2,61,280	3,16,190	32,000
Administration of Justice	1,14,000	1,23,860	1,45,830	...
Police	3,92,000	7,81,020	7,91,410	92,000
Education	1,43,000	4,51,170	5,52,950	1,67,000
Medical and Public Health	1,86,000	4,73,890	4,34,400	54,000
Civil Works	19,16,000	23,90,300	33,3 ,260	...
Miscellaneous	35,000	14,67,900	2,78,900	45,000
Other heads	4,28,000	7,50,580	7,61,060	26,000
TOTAL	33,99,000	67,00,000	66,18,000	4,16,000

COORG.

Head of Account	1913-14.	1921-22.	1922-23.	Savings proposed.
	Rs.	Rs.	Rs.	Rs.
Land Revenue	1,24,000	2,04,000	2,11,280	47,000
Forests	1,78,000	5,67,000	5,43,000	...
Police	62,000	1,12,200	1,20,730	21,000
Education	66,000	1,24,200	1,50,760	41,000
Civil works	2,79,000	3,09,600	3,05,600	16,000
Other heads	2,16,000	2,87,000	3,00,630	41,000
TOTAL	9,23,000	16,04,000	16,32,000	1,66,000

AJMER-MERWARA.

Head of Account.	1913-14.	1921-22.	1922-23.	Savings proposed.
	Rs.	Rs.	Rs.	Rs.
Land Revenue	1,15,000	1,75,000	1,72,000	1,600
General Administration	70,000	1,17,000	1,49,000	9,000
Police	2,08,000	3,81,500	3,28,000	...
Education	1,02,000	2,37,740	2,30,000	5,000
Pensions	1,64,000	1,69,000	1,63,000	...
Other heads	2,50,000	4,32,760	4,71,000	25,000
TOTAL	9,09,000	15,13,000	15,33,000	40,600

NOTE.—The estimated expenditure for 1922-23 shown above under the heads 'Police' and 'Education' take into account reductions of Rs. 50,000 made under each head to meet the general cut made by the Assembly. It is proposed in the report that expenditure on Police in 1923-24 should be limited to the reduced estimate for 1922-23 and that a further saving of Rs. 5,000 under Education should be effected.

ANDAMAN AND NICOBAR ISLANDS.

Head of Account.	1913-14.	1921-22.	1922-23.	Savings proposed.
	Rs.	Rs.	Rs.	Rs.
Forests	2,75,000	14,24,720	14,02,000	...
Convict Settlement	16,12,000	36,00,000	35,18,000	4,43,000
Civil Works	1,67,000	1,26,000	1,35,000	...
Miscellaneous	...	1,280	3,000	...
TOTAL	20,54,000	51,52,000	50,58,000	4,43,000

RAJPUTANA.

Head of Account.	1913-14.	1921-22.	1922-23.	Savings proposed.
	Rs.	Rs.	Rs.	Rs.
Police	1,16,000	3,48,460	3,18,410	19 000
Political	5,50,000	6,40,590	6,76,150	91,000
Education	82,000	1,11,690	1,09,770	14,000
Civil Works	4,06,000	8,70,100	7,73,100	40,000
Other heads	64,000	2,19,160	1,78,570	12,000
TOTAL	12,18,000	21,90,000	20,56,000	1,76,000

NOTE.—The estimated expenditure for Police in 1922-23 takes into account Rs. 66,000 provisionally deducted under this head to meet the cut made by the Assembly in the total estimates of this administration; the report proposes reductions of Rs. 85,000, *i.e.*, a further Rs. 19,000.

CENTRAL INDIA.

Head of Account.	1913-14.	1921-22.	1922-23.	Savings proposed.
	Rs.	Rs.	Rs.	Rs.
Excise	55,000	1,06,220	1,30,590	...
Police	1,46,000	2,22,080	1,56,370	...
Political	3,63,000	5,98,330	5,88,170	21,000
Medical	1,32,000	57,190	60,900	...
Education	68,000	84,900	82,940	...
Civil Works	6,46,000	8,91,470	9,00,160	...
Other heads	1,79,000	2,94,810	2,82,870	9,000
TOTAL	15,89,000	22,55,000	22,02,000	30,000

The estimated expenditure on Police for 1922-23 shown above takes into account a deduction of Rs. 39,000 to meet the cut made by the Assembly. The actual expenditure is, however, estimated at Rs. 2,44,000 and it is proposed in the report to reduce this to Rs. 2,00,000 in 1923-24.

HYDERABAD.

Head of Account.	1913-14.	1921-22.	1922-23.	Savings proposed.
	Rs.	Rs.	Rs.	Rs.
Political	1,93,000	2,48,480	2,45,740	...
Education	58,000	28,320	23,330	18,500
Civil Works	1,56,000	1,94,000	1,12,000	...
Pensions	1,47,000	1,32,130	1,33,720	...
Ecclesiastical	44,000	61,090	61,390	...
Other items	59,000	62,980	81,820	...
TOTAL	6,57,000	7,27,000	6,59,000	18,500

BANGALORE.

Head of Account.	1913-14.	1921-22.	1922-23.
	Rs.	Rs.	Rs.
Police	99,000	2,08,000	2,38,260
Education	2,24,000	2,81,640	3,29,890
Medical and Public Health	1,72,000	2,44,120	3,05,930
Administration of Justice	47,000	89,530	1,02,770
Civil Works	...	...	3,55 020
Other heads	64,000	1,01,410	98,130
TOTAL	6,06,000	9,25,000	14,30,000

NOTE.—Reductions in expenditure on Civil works in the Minor Administrations are not shown save in the case of reduction of establishment, as we made a lump reduction on the total provision proposed for 1923-24.

PART X.

PAY, LEAVE AND ALLOWANCES.

The questions of pay, leave and allowances of Government services are subjects of great importance which, we think, can best be dealt with as a whole, so that the relative position of the various classes of employés can be reviewed.

2. The total staff paid from Central revenues, excluding staff employed on Railways, has increased from 471,966 in 1913-14 to 520,762 in 1922-23, an increase of 9·9 per cent. made up as follows:—

	Numbers employed.			Total pay and allowances.		
	1913-14.	1922-23.	Per cent. increase.	1913-14.	1922-23.	Per cent. increase.
	No.	No.		Rs.	Rs.	
Military Services.						
Army	301,502	306,750	1·7	12,94,07,000	25,49,19,000	97·0
Royal Air Forces	...	3,143	...	...	57,04,000	...
Military works	2,427	3,304	36·2	38,05,000	66,39,000	74·5
Royal Indian Marine *	2,138	2,320	8·5	13,42,000	27,10,000	101·9
Total	306,067	315,517	3·1	13,45,54,000	26,99,72,000	100·2
Civil Service.						
Officers	2,944	3,414	16·3	1,76,61,000	2,75,49,000	56·2
Clerical Establishment	48,740	71,098	45·8	2,36,06,000	5,62,69,000	138·3
Industrial, Technical and other main classes.	64,672	71,924	11·2	2,03,49,000	4,18,59,000	105·7
Menials	52,543	58,809	11·9	58,98,000	1,18,47,000	100·9
Total	168,899	205,245	21·3	6,75,14,000	13,75,24,000	103·7
Grand Total	474,966	520,762	9·9	20,20,68,000	40,74,96,000	101·3

*Permanent staff only.

This table shews that whereas the total staff employed has increased by nearly 10 per cent. since 1913-14 the cost of pay and allowances has increased by 101 per cent. The increased cost of pay and allowances in the Military services is, as might be anticipated, relatively much greater than in the civil service, owing to the larger proportion of British personnel employed.

3. We have been supplied with the following analysis of the expenditure separating pay and allowances for the Military and Civil Services:—

	Military Services.			Civil Services.		
	1913-14.	1922-23.	Increase.	1913-14.	1923-24.	Increase.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Pay proper	12,13,75,000	23,67,91,000	11,54,16,000	5,85,37,417	11,97,60,618	6,12,23,201
Special pay or duty allowances	84,63,000	1,19,29,000	34,66,000	4,22,104	16,25,131	12,03,027
Compensatory or local allowances.	1,44,000	1,40,000	—4,000	13,51,333	29,93,597	16,42,264
House rents	8,000	1,76,000	1,68,000	5 42,319	14,98,265	9,55,946
Travelling allowances	30,59,000	70,01,000	39,42,000	35,09,895	69,97,268	34,87,373
Other allowances	15,05,000	1,39,35,000	1,24,30,000	31,51,701	46,49,162	14,97,461
Total	13,45,54,000	26,99,72,000	13,54,18,000	6,75,14,769	13,75,24,041	7,00,09,273

Of the total increase of Rs. 20,54,27,000 in the cost of pay and allowances Rs. 17,66,39,200 represents increased pay due to additional staff and increased emoluments and Rs. 2,87,68,000 the increase in allowances. Further details of the expenditure are given in Appendices A. and B.

4. *Pay of Officers.*—The rates of pay of British service officers and men of the Army in India are based upon the rates in operation in the United Kingdom. These rates were revised in the year 1919 when the cost of living was abnormal and a high standard of salaries and wages prevailed outside the services. In fixing the present rates it was laid down that 20 per cent. of the pay of officers would be subject to revision in 1923-24 either upwards or downwards in accordance with the rise or fall in the cost of living, and the Government of India when revising the rates of pay for British officer in the Indian Army made a similar stipulation. The Board of Trade index number at the time the rates became effective stood at 109 and, as there has since been a large fall in the cost of living, it would appear probable that a considerable saving in officers' pay may be anticipated in the near future.

The approximate annual cost of a British and Indian officer in 1913-14 and estimated for 1922-23 are given in Appendices C and D, and a comparison of the pay of officers in the fighting services and in the Supply and Transport Corps is also given in Appendix E.

5. We consider that in connection with the proposed revision of pay in 1924, the question should be considered whether the advantage in pay enjoyed by officers in the administrative services, as compared with those in the fighting services, is justified. The pay of officers in the administrative services consists of two portions (*a*) pay of rank and (*b*) staff pay. It will be observed from Appendix C that in the Supply and Transport Corps ranks of Captain and above receive less rank pay than in the fighting services, but the composite pay of all ranks is considerably greater than in the case of the corresponding officers in the fighting services of the Indian Army.

We are of opinion that the arrangement now operating in England should apply to officers coming to India for a normal 5 years' service. Under this arrangement officers would draw their basic regimental pay, *plus* "Corps" pay based upon the allowance in Great Britain *plus* a "Command" allowance when holding qualifying appointments. If India desires to retain officers for a longer period an additional allowance would be necessary as in the case of British officers in the Indian Army.

6. *Pay of Other Ranks.*—The rates of pay of British other ranks are also based upon the rates paid in the United Kingdom which form part of the terms of enlistment and are therefore not susceptible to reduction. The pay in India is the sterling pay converted at 2 shillings to the rupee and a special allowance of 50 per cent. to cover the loss in exchange, which is liable to adjustment after 6 months' notice has been given.

The approximate annual cost of a Warrant Officer and a soldier are given for the years 1913-14 and estimated for 1922-23 in Appendix C and similar information is given in Appendix D for an Indian Sepoy and a Follower.

7. *Allowances.*—The total expenditure on allowances of the Military Services has increased from Rs. 1,31,79,000 in 1913-14 to Rs. 3,31,81,000 required for 1922-23. Special pay and duty allowances have increased by Rs. 34,66,000 due mainly to the expansion of the Administrative Services of the Army. The increased cost of travelling allowances, Rs. 39,42,000, is mainly due to the enhancement of railway fares and the large increase in "Other allowances", Rs. 1,39,35,000 to concessions to other ranks. Officers have been granted syce and forage allowances for the maintenance of authorised chargers. British other ranks have been granted marriage, family and separation allowances, and, in addition, the kit and clothing allowances have been increased to meet the higher prices now prevailing.

8. *Leave.*—The rules governing the grant of leave to members of the Army are virtually the same as in pre-war except that the right to accumulate privilege leave has been abolished and the period of leave in India has been reduced from 12 months to 6 months.

The normal periods of annual leave admissible in the Army may be summarised as follows:—

Year.	Service.	Average annual leave admissible per man during period of service.		
		Days on full pay.	Days on half pay subject to maximum.	Days on other conditions, if any.
1	2	3	4	5
1913-14 and 1922-23.	British officers—British and Indian services. Departmental Ranks India Unattached List.	60 days. 90 days if serving at Frontier stations.	*Nil*	Recreation leave up to ten days. Furlough up to a maximum of ten months out of India and four months in India. Once every four years (average).
	British other ranks . . .	30 days . . .	*Nil*	Short leave up to seven days.
	Indian officers	60 days . . .	*Nil*	Furlough up to 3½ months once every three years.
	Indian other ranks . . .	60 days for 33 per cent. per annum of actual strength.	*Nil*	Ditto.
	Followers	30 days . . .	*Nil*	Casual leave up to 20 days.

The above leave rules are the maximum admissible, but no members of the Army are entitled to leave and we are informed that it is only granted when the officer-in-charge is satisfied that the applicant's services can be spared.

9. *All-India Services.*—The rates of pay for all-India services are based largely on the recommendations made by the Public Services Commission in 1914-15. Consideration of these recommendations was postponed during the earlier years of the war, but, owing to the rapid rise in the cost of living it became necessary to raise the scales of pay, which were revised generally with effect from 1st December 1919. We are informed, however, that the average increase after allowance is made for the abolition of exchange compensation did not exceed 20 per cent.

Two of the more important questions which necessarily arise in connection with the services are—

(1) the provincialization of certain of the all-India services; and

(2) the adoption of differential rates of pay for officers of European and Indian domicile.

It is impossible in the time at our disposal to examine in detail these important questions which would affect the provinces to a greater extent than the Central Government. The appointment of a Royal Commission on the services in India has recently been announced and it was stated that it is contemplated that the Commission will enquire into the organization and general conditions of service, financial or otherwise, of the superior civil services in India. In these circumstances we do not feel justified in pursuing the enquiry. Our colleague Sir Rajendra Nath Mukerjee, however, who was President of the Bengal Retrenchment Committee wishes us to state that he adheres to the recommendations made by his Committee in their Report in the chapter headed "Pay and Services".

10. *Subordinate Services.*—The cost of subordinate services, *i.e.*, Clerical, Industrial, Technical and menial has increased from Rs. 4,98,53,000 in 1913-14 to Rs. 10,99,75,000 or 121 per cent. due partly to additional staff but mainly to increased rates of pay.

In 1920 when the cost of living was at its highest the rates of pay of nearly all classes of Government servants, including those on the Railways, was increased by about 100 per cent., no stipulation being made that the question would be reconsidered when the cost of living came down as was provided for in Great Britain. Comprehensive figures of the fluctuations in the cost of living are not maintained in the Provinces except in a few cases such as Bombay where the Labour Bureau prepares an index figure of the cost of living of the working classes.

The index figure published for Bombay for October 1920, at which time most of the revisions of pay were under consideration, stood at 193 on the basis of a pre-war standard figure of 100. This index figure now stands at 156 from which it would appear that the cost of living in Bombay has fallen by nearly 19 per cent. There is no doubt that the fall in the cost of living is general throughout India, and we consider that the time has now arrived when the whole question should be made the subject of an inquiry and in this inquiry Local Administrations should be associated.

11. *Allowances.*—The total cost of allowances to Civil Servants has increased from Rs. 89,78,000 in 1913-14 to Rs. 1,77,64,000 in 1922-23. The bulk of this increase incurred under travelling allowances consequent upon the enhancement of railway fares and increased mileage and daily allowances.

The class by which a Government servant is entitled to travel by rail is regulated according to his salary and, although the rates of pay have been materially increased, the salary limits entitling Government servants to travel in the higher classes have remained unaltered. For instance, a man drawing Rs. 400 per month before the revision of pay was entitled to two second class fares. His pay after revision is Rs. 550 and he automatically becomes entitled to two first class fares or double the rate he previously drew although his status has not been altered. Further, since railway fares have been increased by 50 per cent. he actually becomes entitled to three times the allowance he would have obtained prior to the revision of his pay. We understand that the Bombay Government have already raised the salary limits entitling officers to first class rates from Rs. 500 per month to Rs. 750 and the limits of the second class from Rs. 100 to Rs. 200. We think that similar action should be taken as regards servants of the Central Government and we recommend that the rules be at once revised accordingly. We are also of opinion that the present practice of allowing an additional fare for incidental expenses when travelling by rail is unsound in principle and we recommend that, except in the case of transfers, officers required to travel by rail on duty be granted the actual fare paid, including a limited number of servants' fares, and a daily allowance.

We are informed that the list of officials entitled to reserved accommodation on railways is under consideration with a view to reduction, and we recommend that the list of officers entitled to saloons be similarly reviewed. It seems questionable whether it is in all cases necessary to reserve saloons for the sole use of individual officers, and we think that a system of pooling should be considered. We are also of opinion that the cost of the maintenance of saloons should be borne by the Department concerned.

We understand that the question of revising the present rules in regard to travelling allowances has been under consideration of Government and that a saving of 20 per cent. or Rs. 13,00,000 on the estimates of the current year would be effected under our recommendations.

12. *Leave.*—During the course of our enquiry it has been brought to our notice that the liberalization of the leave rules brought into force about a year ago has resulted in very large increases of staff owing to many more employés having to be entertained to provide for leave vacancies and has greatly hampered the working of the Departments. The following statement shows that

the very liberal leave granted in 1913-14 has been largely increased, particularly in the case of the staff under the ordinary leave rules :—

—	Average leave admissible per annum during period of service,			
	On full pay.		On half pay.	
	1913-14. Days.	1922-23. Days.	1913-14. Days.	1922-23. Days.
Staff under European or Special leave rules	24	37	72	49
Staff under Indian or Ordinary leave rules	28	26	24	52

The leave granted under the above rules is additional to casual leave, holidays under the Negotiable Instruments Act, other gazetted holidays and other occasional holidays granted by executive order such as Wednesday or Saturday half holidays, last Saturday of month holidays, etc. The extent of the leave admissible and the leave taken are shown below for a few offices and departments :—

—	Bombay General Post Office and Town Sub-Offices.		Secretariat Department, Government of India.		District offices.	
Total Staff employed	2,775		87		74	
—	Number of days leave admissible per man.	Number of men days lost.	Number of days leave admissible.	Number of men days lost.	Number of days leave admissible.	Number of men days lost.
Casual leave	20	55,550	20	274	15	825
Holidays under Negotiable Instruments Act	4	11,100	20	934	12	888
Other Gazetted holidays	6	16,650	12	715	...	...
Other occasional holidays granted by executive order	...	83,250	39	1,820	18	1,322
TOTAL		166,550	91	3,943	...	3,045
Average days leave taken per man employed	60		45		41	

We have already suggested that an enquiry should be made into the pay of the subordinate services in which the local Administrations should be associated and we recommend that the question of leave conditions generally should be reviewed at the same time.

CONCLUSIONS.

Having reviewed the expenditure on pay and allowances we recommend that—

(1) the whole question of pay and leave conditions of the subordinate services be made the subject of an enquiry in which local Administrations should be associated;

(2) salary limits entitling officers to particular classes of rail accommodation be raised; and

(3) the travelling allowance rules be revised on the basis that officers required to travel by rail on duty be granted the actual fare paid including a limited number of servants' fares and a daily allowance,

APPENDIX A.

Analysis of pay and allowances of the Military Services.

Class.	Number.		Pay including proficiency pay.		Special pay or duty allowance.		Compensatory or local allowances.		House rent allowance.		Travelling allowance.		Other allowances.		Total pay and allowances.	
	1913-14.	1922-23.	1913-14.	1922-23.	1913-14.	1922-23.	1913-14.	1922-23.	1913-14.	1922-23.	1913-14.	1922-23.	1913-14.	1922-23.	1913-14.	1922-23.
			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
British Officers	6,439	6,684	3,69,57,000	6,46,50,000	53,47,000	67,11,000	73,900	2,000	6,765	15,265	26,55,000	61,11,000	5,34,000	39,93,005	4,55,74,000	8,14,82,000
Indian Officers	3,004	3,956	32,38,000	42,81,000	1,28,000	2,31,000	...	500	...	1,584	4,000	4,000	1,272	29,000	33,71,000	45,47,000
British other Ranks	73,651	69,208	3,48,29,000	9,53,92,000	5,22,000	3,15,000	...	...	...	...	44,000	1,34,000	7,63,000	81,53,000	3,61,57,000	10,39,96,000
Indian other Ranks	1,53,646	1,66,599	3,52,14,000	4,07,19,000	23,15,000	44,96,000	...	...	...	5,760	...	...	...	5,97,000	3,75,29,000	4,58,18,000
Civilians, Clerks, etc.	5,477	10,007	36,38,000	87,40,000	5,000	42,000	7,000	29,000	...	1,000	20,000	68,000	67,000	1,04,000	37,37,000	89,82,000
Followers	59,285	50,296	29,45,000	97,92,000	...	...	...	3,000	...	4,000	6,200	7,800	87,000	2,86,000	30,39,000	1,00,94,000
Total Army	3,01,502	3,06,750	11,68,21,000	22,35,74,000	83,17,000	1,17,95,000	80,900	84,500	6,765	27,609	27,29,200	63,24,800	14,52,272	2,31,62,000	12,94,07,000	25,49,19,000
Military works.																
British Officers	147	225	19,17,000	26,78,000	...	...	20,500	28,050	...	...	....	...	26,000	69,000	19,63,000	27,75,000
British other Ranks	250	283	5,95,000	10,53,000	56,400	10,800	20,000	22,000	840	720	3,27,000	5,80,000	...	2,400	18,42,000	38,64,000
Civilians, Clerks, etc.	1,076	1,709	7,17,000	19,81,000	3,240	21,600	14,000	12,000	...	...				...		
Followers	954	1,087	1,09,000	1,82,000	...	...										
Total Military Works	2,427	3,304	33,38,000	58,94,000	59,640	32,400	54,550	62,000	840	720	3,27,000	5,80,000	26,000	71,400	38,05,000	66,39,000
Air Force	...	3,143	...	48,75,000	...	53,600	...	38,000	...	1,000	...	96,000	...	6,40,000	...	57,04,000
Royal Indian Marine (permanent staffs).	2,138	2,320	12,16,000	24,48,000	87,000	48,000	8,454	5,712	744	1,46,580	3,268	...	26,569	61,410	13,42,000	27,10,000
GRAND TOTAL	3,06,067	3,15,517	12,13,75,000	23,67,91,000	84,63,640	1,19,29,000	1,43,904	1,40,212	8,349	1,75,909	30,59,468	70,00,800	15,04,841	1,39,34,810	13,45,54,000	26,99,72,000

APPENDIX B.

Civil Services.

Statement showing the number of staff paid for from the Central Revenues, employed in and under the various Civil Departments, the total amount of pay proper, and the total cost of special pay, travelling, compensatory, house and other allowances separately.

	Number.		Pay proper.		Special pay or duty allowances.		Compensatory or local allowances.		House rent.		Travelling allowances.		Other allowances.		Total of pay and allowances.	
	1913-14.	1922-23.	1913-14.	1922-23.	1913-14.	1922-23	1913-14.	1922-23.	1913-14.	1922-23.	1913-14.	1922-23.	1913-14.	1922-23.	1913-14.	1922-23.
			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Permanent staff.																
Officers	2,890	3,242	1,47,41,648	2,18,49,690	2,97,644	6,22,872	3,68,446	5,75,146	1,10,108	2,09,305	14,08,664	21,74,762	3,62,638	5,21,279	1,72,89,148	2,59,53,054
Clerical establishment	47,790	67,149	2,00,43,015	4,64,11,811	59,593	6,75,277	4,15,624	6,98,831	2,27,520	6,37,306	9,27,873	23,18,168	15,25,695	25,92,195	2,31,99,320	5,33,33,588
Industrial, Technical or other main branches separately	60,204	68,094	1,68,93,209	3,55,09,983	58,809	2,17,981	4,58,797	18,09,194	1,55,478	4,63,684	8,03,746	16,45,831	10,05,455	11,50,024	1,93,75,494	4,02,96,697
Menials	46,055	53,133	47,00,171	97,41,714	578	21,036	92,169	3,29,944	46,129	1,40,068	2,06,244	3,66,810	2,19,808	3,14,465	52,65,099	1,09,14,037
Total Permanent staff	156,939	191,618	5,63,78,043	11,35,13,198	4,16,624	15,37,166	13,35,036	29,13,115	5,39,235	14,50,363	33,46,527	65,05,571	31,13,596	45,77,963	6,51,29,061	13,04,97,376
Temporary staff.																
Officers	54	172	2,95,729	13,87,170	3,990	47,236	659	6,071	459	8,614	70,450	1,33,753	520	13,113	3,71,807	15,95,957
Clerical establishment	950	3,949	3,89,866	25,69,609	980	38,084	4,115	54,290	1,538	35,397	6,434	2,08,895	4,781	29,410	4,07,224	29,35,685
Industrial, Technical or other main branches separately	4,468	3,830	9,12,337	14,60,033	500	980	11,293	17,158	...	1,545	24,286	66,773	25,238	15,689	9,73,654	15,62,178
Menials	6,488	5,676	5,61,942	8,30,608	...	1,665	230	2,963	1,087	2,346	62,198	82,276	7,566	12,987	6,33,023	9,32,845
Total Temporary staff	11,960	13,627	21,59,874	62,47,420	5,480	87,965	16,297	80,482	3,084	47,902	1,63,368	4,91,697	38,105	71,199	23,85,708	70,26,665
Grand Total	168,899	205,245	5,85,37,417	11,97,60,618	4,22,104	16,25,131	13,51,333	29,93,597	5,42,319	14,98,265	35,09,895	69,97,268	31,51,701	46,49,162	6,75,14,769	13,75,24,041

APPENDIX C.

Approximate annual cost of a British Officer.

	1913-14.				1922-23.			
	British Cavalry.	British Infantry.	Indian Cavalry.	Indian Infantry.	British Cavalry.	British Infantry.	Indian Cavalry.	Indian Infantry.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Pay and allowances (excluding Exchange Compensation allowance)	6,696	5,076	7,384	7,200	8,328	8,256	10,980	11,484
Exchange Compensation allowance	408	312	492	420	...	...	...	...
Syce and forage allowance	...	...	...	...	1,140	204	1,140	288
Capitation payments to War Office	171	171	171	171	385	385	385	385
Transport charges	200	200	...	...	400	400	400	400
Pensions	837	634	985	900	1,041	1,032	1,372	1,435
TOTAL	8,312	6,393	9,332	8,691	11,294	10,277	14,277	13,992

Approximate annual average cost of a British Warrant Officer and a Soldier.

	1913-14.				1922-23.			
	BRITISH CAVALRY.		BRITISH INFANTRY.		BRITISH CAVALRY.		BRITISH INFANTRY.	
	Warrant and N. C. Os.	Rank and File.	Warrant and N. C. Os.	Rank and File.	Warrant and N. C. Os.	Rank and File.	Warrant and N. C. Os.	Rank and File.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1. Pay and allowances	895	419	783	362	2,118	1,115	1,900	1,096
2. Free rations	115	115	115	115	190	190	190	190
3. Messing allowance	51	51	51	51	150	150	150	150
4. Clothing allowance and free issues	88	88	74	74	166	166	162	162
5. Equipment and miscellaneous stores	32	32	32	32	92	92	92	92
6. Capitation payments to Warrant Officer	171	171	171	171	385	385	385	385
7. Cost of housing	24	24	24	24	38	38	38	38
8. Fule and light	13	13	13	13	15	15	15	15
9. Medical charges	60	60	60	60	170	170	170	170
10. Marriage and furniture allowance (average)	...	...	...	...	90	90	90	90
11. Transport charges	40	40	40	40	80	80	80	80
12. Miscellaneous (*i.e.*, N. H. I. contribution and other charges)	8	8	8	8	20	20	20	20
13. Pensions	15	15	15	15	15	15	15	15
TOTAL	1,512	1,036	1,386	965	3,529	2,526	3,307	2,503

APPENDIX D.

Approximate annual cost of Indian Officer, Sowár and Sepoy.

	1913-14.				1922-23.			
	Indian Cavalry.		Indian Infantry.		Indian Cavalry.		Indian Infantry.	
	Indian officer.	Sowar.	Indian officer.	Sepoy.	Indian officer.	Sowar.	Indian officer.	Sepoy.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1. Pay and allowances	1,164	170	951	146	1,849	240	1,503	216
2. Food charges	50	50	50	50	146	146	146	146
3. Clothing allowances and free issues	18	18	15	15	91	75	80	64
4. Equipment	23	23	23	23	36	36	36	36
5. Fuel and light	4	4	4	4	15	15	15	15
6. Passage while on furlough	5	5	5	5	21	7	21	7
7. Cost of housing	13	5	13	5	28	13	28	13
8. Medical charges	16	16	16	16	105	105	105	105
9. Pensions	145	21	119	18	231	30	188	27
10. Miscellaneous and incidental expenses	1	1	1	1	2	2	2	2
Total	1,439	313	1,197	283	2,524	669	2,124	631

Approximate annual cost of certain Followers.

	Bhistis.		Sweepers.	
	1913-14.	1922-23.	1913-14.	1922-23.
Pay	60	108	60	108
Rations	30	146	30	90
Clothing allowance and free issues	...	33	...	33
Cost of housing	1	3	1	3
Total	91	290	91	234

N.B.—Bhistis and Sweepers are both common to Cavalry and Infantry Arms of the Service.

APPENDIX E.

Fighting Services.

Rates of monthly pay of officers of the fighting services British and Indian Army in India.

Ranks.	British Service			Indian Army.		
	Pay.	Command or Staff pay.	Total	Pay	Staff Pay.	Total.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Second Lieutenant .	425	...	425	...		...
Second Lieutenant after two years' commissioned service	475	...	475	475	Varies according to the appointment held.	575
Lieutenant . . .	475	...	475	475		575
Lieutenant after seven years' commissioned service .	550	...	550	550	Company or squadron officer Rs. 100	750
Captain	750	...	750	750	Company or squadron commander, Rs. 290.	950
Captain after 15 years' commissioned service . .	850	...	850	850	Company or squadron Commander, 2nd in command, Rs. 250.	1,050
Major	950	...	950	950		1,150
Major after five years' service in the rank . . .	1,050	...	1,050	1,050		1,250
Lieutenant-Colonel . .	1,250	350*	1,600	1,250	500*	1,750

*If Commandant.

Administrative Services.

Rate of pay in the Supply and Transport Corps (including Mechanical Transport).

Rank.	Pay per mensem.	Staff pay. (This is dependent upon length of service and class in which graded.)		Total.
	Rs.		Rs.	Rs.
Second Lieutenant . . .	425	6th Class up to 9 years' service	250	675
Lieutenant	475	6th „ „ 9 „ „	250	725
Lieutenant after 7 years' commissioned service	550	5th „ after 9 „ „	300	850
Captain	700	5th „ „ 9 „ „	300	1,000
Captain after 9 years' (commissioned service)	750	4th „ „ 13 „ „	400	1,150
Major	900	3rd „ „ 17 „ „	500	1,400
Major after 5 years' service in that rank	950	2nd „ „ 22 „ „	600	1,550
Lieutenant-Colonel . . .	1,150	1st „ „ 27 „ „	800	1,950

PART XI.

GENERAL OBSERVATIONS AND CONCLUSIONS.

The budget of the Government of India for 1922-23, as finally passed, left unbridged a revenue deficit of Rs. 9,16,28,000. This was the fifth of a succession of deficits, amounting in the aggregate to about Rs. 100 crores, and it is now apparent that the current year's deficit will work out at a figure considerably higher than the budget estimate. The causes of these deficits are well known and it is unnecessary to restate them, but it is clear that the country cannot afford the heavy charge involved by further huge additions to the unproductive debt, and that if India is to remain solvent immediate steps must be taken to balance her budget.

2. The problem does not end here. Under the existing settlement annual contributions to the extent of Rs. 983 lakhs are (subject to a temporary remission of Rs. 63 lakhs in the case of Bengal) payable by the Provinces to the Central Government. It is contemplated that these contributions should be progressively reduced and the matter is being continually pressed by the Provinces, which are also suffering from acute financial difficulties, by their Legislatures and by the Press.

3. Since 1913-14 new taxation estimated to yield Rs. 49 crores annually has been imposed, and the extent to which it is possible to impose further burdens on the tax-payer is now very limited. While, therefore, it is evident that an improvement of something like Rs. 20 crores will have to be obtained in order to make the position secure, it is no less evident that the main source of relief must be looked for in the retrenchment of expenditure.

4. We have prepared an analysis of the expenditure in the budget of 1922-23 under the following heads, comparing it with corresponding expenditure in 1913-14 :—

	1913-14.	1922-23.
	Rs.	Rs.
I.—Debt Services (including interest debitable to Commercial Departments)	21,24,93,000	43,77,65,000
II.—Pensions (including military non-effective charges)	8,45,11,000	13,14,65,000
III.—Commercial Departments	35,00,92,000	79,19,77,000
IV.—Charges for collection of revenue	3,17,64,000	5,74,07,000
V.—Civil Administration	8,75,07,000	14,49,06,000
VI.—Military Services (effective)	27,02,91,000	64,47,34,000
VII.—Payments to Provincial Governments	59,74,000	63,29,000
Total	1,04,26,32,000	2,21,45,83,000

5. Of the total expenditure of Rs. 221 crores, debt services, pensions and payments to Local Governments aggregating Rs. 57½ crores are of an obligatory character and are not susceptible of immediate reduction. There is also a limit to which reductions can be made in the charges of Rs. 5¾ crores for the collection of revenue without imperilling the revenue. In our examination of railway expenditure we have drawn attention to the fact that the working of the railways resulted in a loss to the State of Rs. 9½ crores in 1921-22 and is expected to result in a further loss of Rs. 130 lakhs in 1922-23, and we have emphasised the necessity of curtailing working expenses to ensure that, under normal conditions, an average return of at least 5½ per cent. is obtained on the capital invested by the State in railways. We have also indicated substantial economies in the administration of the Posts and Telegraphs Department. Apart from these heads, the main field for economy lies in the effective charges of the Military services and in the cost of the civil administration.

6. In reviewing the expenditure of the commercial and *quasi*-commercial departments and manufacturing establishments of Government we have had occasion to observe that in many cases these are not conducted on commercial lines and we wish again to emphasise the importance of maintaining proper commercial accounts for all such undertakings.

7. We also desire to draw attention to the magnitude of the stocks of stores held by many departments, as shown in the following statement :—

Department.	Value of stores held on March 31st, 1922 or nearest date.
	Rs.
Army	20,14,71,000
Marine	75,11,000
Military Works—	
Mobilisation stores	87,69,000
Ordinary stores	35,41,000
Telegraphs—	
Mobilisation stores	44,09,000
Ordinary stores	1,53,40,000
Post Office	1,77,000
Indo-European Telegraphs	11,00,000
Mathematical Instrument Office	11,72,000
Railways	34,58,00,000
X-Ray Institute	6,32,000
TOTAL	58,99,22,000

The country cannot, in our opinion, afford the lock-up of capital which this huge sum represents, apart from the consequent expenditure on the establishments engaged on the maintenance of the stores, the buildings for their accommodation and the inevitable loss from depreciation. We recommend that an early and progressive reduction be effected in these large holdings.

8. We now summarise the details of the reductions which we recommend in the expenditure on the various services included under the above main headings :—

—	Expenditure.	Reductions proposed.
	Rs.	Rs.
I.—DEBT SERVICES—		
Ordinary debt	11,86,02,000	...
Interest and sinking funds debitable to State Railways	25,63,49,000	...
Interests debitable to Posts and Telegraphs	66,00,000	...
Interest debitable to Irrigation	9,51,000	...
Interest on other obligations	3,23,63,000	...
Sinking funds	2,29,00,000	...
TOTAL	43,77,65,000	...
II.—PENSIONS—		
Civil Pensions	3,54,27,000	6,30,000
Military non-effective charges	9,28,96,000	...
Territorial and Political pensions	31,42,000	1,08,000
TOTAL	13,14,65,000	7,38,000
III.—COMMERCIAL DEPARTMENTS—		
(1) Railways—		
Working expenses	67,99,00,000	4,59,00,000
Surplus profits paid to Companies	60,00,000	...
Subsidised Companies	19,83,000	...
Miscellaneous	29,77,000	...
TOTAL RAILWAYS	69,08,60,000	4,59,00,000

	Expenditure.	Reductions proposed.
	Rs.	Rs.
III.—Commercial Departments—*contd.*		
(2) Indian Posts and Telegraphs	9,53,27,000	1,37,27,000
(3) Indo-European Telegraph department	43,35,000	7,34,000
(4) Irrigation	14,55,000	2,18,000
Total Commercial Departments	79,19,77,000	6,05,79,000
IV.—Charges for collection of Revenue—		
Customs	72,74,000	47,000
Income-tax	47,01,000	...
Salt	1,73,65,000	19,15,000
Opium	1,86,53,000	20,00,000
Land Revenue	15,64,000	3,97,000
Forests	52,45,000	6,90,000
Excise and Registration	3,32,000	17,000
Stamps	22,73,000	22,00,000
Total	5,74,07,000	72,66,000
V.—Civil Administration—		
General Administration	1,98,57,000	49,89,000
Audit	83,16,000	3,76,000
Administration of Justice	10,29,000	61,000
Jails and Convict Settlements	44,35,000	4,80,000
Police	81,90,000	1,07,000
Ports and Pilotage	26,32,000	2,11,000
Ecclesiastical	33,83,000	2,00,000
Political	2,93,14,000	45,70,000
Scientific Departments	1,12,60,000	30,02,000
Education	32,96,000	5,19,000
Medical	32,84,000	6,40,000
Public Health	16,32,000	7,79,000
Agriculture	23,36,000	2,86,000
Industries	1,59,000	1,29,000
Aviation	48,000	33,000
Miscellaneous Departments	26,71,000	11,18,000
Currency	80,82,000	...
Mint	22,34,000	4,12,000
Exchange	20,60,000	...
Civil Works	1,61,87,000	15,30,000
Famine Relief	27,000	27,000
Stationery and Printing	75,56,000	10,37,000
Miscellaneous	69,18,000	14,03,000
Total	14,49,06,000	2,19,09,000
VI.—Military Services—		
Army	56,78,85,000	8,95,30,000
Royal Air Force	1,41,00,000	...
Royal Indian Marine	1,57,22,000	75,00,000
Military Works	4,70,27,000	76,96,000
Total	64,47,34,000	10,47,26,000
VII.—Payments to Provincial Governments	63,29,000	...
GRAND TOTAL	2,21,45,83,000	19,52,18,000

9. From the above gross total must be deducted the following items:—

	Rs.
Cost of management of debt transferred from General Administration to Interest	16,35,000
Expenditure formerly included under Army and Military Works and transferred to Royal Air Force . . .	21,25,000
	37,60,000

We have, in our report on pay and allowances, indicated a saving of Rs. 13 lakhs under travelling allowances, and the net total of the reductions which we propose on the estimate for 1922-23 is thus Rs. 19,27,58,000.

10. We recognise that it will not be possible to secure in the ensuing year the complete reductions proposed, as under the rules notice must be given to surplus establishments, large reorganisations cannot be effected immediately, and large terminal payments will be necessary in some cases. It will also be necessary to make provision for increments to establishments on time-scale salaries. We recognise, also, as stated in paragraph 3 of our general conclusions on the Military Services, that some of the reductions proposed represent reductions in stocks of stores and are therefore non-recurring. Even allowing for these factors, however, we believe that our recommendations, if carried out, will go far towards solving the problem of restoring India's finances to a secure basis.

11. The Chairman with the Secretary and Mr. Milne began their work in London in August, continuing it on the passage out to India preparing Questionnaires. We met in Committee for the first time in Delhi on the 8th November and have practically been in constant session since then. After the appointment of the Committee was announced the various departments set about endeavouring to see where expenditure could be reduced and we have been indebted to them for many suggested economies as shown in the various reports. Our labours were greatly lightened by the preparations made by the Finance Department in framing statements showing the Government expenditure under all heads, and throughout the Finance Department have been of the very greatest help. Every other Department of Government has assisted us in furnishing all information asked for and the various officers who have come before us have evinced the keenest disposition to help in the reduction of expenditure.

12. We desire to express our acknowledgments to Mr. H. F. Howard, the Secretary, and Mr. J. Milne, the attached officer, for the invaluable assistance they have rendered to us and for the laborious work they have ungrudgingly performed. We desire also to express our thanks for the great help which has been rendered to us by Mr. R. A. Mant, Mr. A. F. L. Brayne of the Finance Department and Colonel Harding Newman. We are also indebted to our office staff and to the Government Press; the prompt and accurate manner in which the latter has carried out the work has done much to expedite the issue of our Report.

INCHCAPE (*Chairman*).

T. S. CATTO.

DADIBA MERWANJEE DALAL.

R. N. MOOKERJEE.

ALEX^R. R. MURRAY.

PURSHOTAMDAS THAKURDAS.

H. F. HOWARD,
Secretary.

J. MILNE,
Attached Officer.

March 1st, 1923.

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